

S0840-3

ECONOMIC REPORT OF THE GOVERNOR



1983
George Deukmejian
Governor of California

Ladies and Gentlemen of the Legislature:

As you review this report, I believe you will be as impressed as I was by the strength, size and diversity of California's great economy. Our gross state product in 1983 will surpass \$400 billion, exceeding that of all but seven nations in the world.

Yet this report also reveals an economy in trouble:

- 1.3 million of our fellow citizens cannot find jobs.
- More than 4,000 California businesses shut their doors in 1982.
- The number of new homes authorized in 1982 was the lowest in nearly 30 years.
- State tax revenues in 1982 suffered their first actual decline in modern times, jeopardizing California's fiscal solvency and the services on which millions of people depend.

To address these problems and to seize the tremendous opportunities for continued economic supremacy by our state in the 1980's, I have proposed an economic development and job creation plan comprised of six key elements:

1. Putting California's permit and regulatory review process on a fast track to ease the burden on both businesses and local government.
2. Improving California's infrastructure—our highways, sewers, schools, parks, water projects, transit systems and public facilities which are essential to industry, commerce and the quality of life.
3. New financial and development incentives to encourage business expansion.
4. Establishing a new climate to encourage private sector growth and attract investment in our state through direct gubernatorial involvement.
5. A small business assistance program that redirects SBA and other loan assistance programs for maximum benefit to California's entrepreneurs.
6. Incentives to spark California's housing and construction industry.

In each of these critical areas, I am initiating specific actions as the first step in making California competitive again in attracting new business and investment to our state.

Regulatory Reform

Since 1974, the number of regulations in the California Administrative Code has exploded from 13,500 then to over 28,000 today. My administration is already at work to unravel this regulatory maze. I have ordered my Cabinet Secretaries to

review all existing regulations under their purview. If there are rules on the books which inhibit the creation of jobs or fail to serve a proven public need, I will initiate action to remove them. We will also examine programs required by statute and suggest appropriate modifications to eliminate all unreasonable impediments to job creation and economic growth.

My administration will not waver in its commitment to protect the health and safety of the people of California, but we also need a healthy economy unshackled by duplicative and nonsensical regulatory requirements. I believe that with a common sense approach to regulation, we can pursue all of these important goals, instead of one at the expense of another.

In addition to this executive effort, I am sponsoring a legislative package containing four bills to affect immediate changes in the environmental review process. These bills are:

- AB 1488 (Assemblyman Lancaster), to reduce the one year negative declaration review period to six months.
- AB 1462 and 1463 (Assemblyman Kelley), which would help eliminate redundant environmental reviews.
- AB 1823 (Assemblyman Lancaster), would require a state agency to decide within 15 days of any application whether a subsequent permit process is required.

In addition, I have established by executive order, a cabinet level *Development Review Panel*, chaired by the Secretary of the Business, Transportation and Housing Agency. This panel has the authority to expedite the state permit process for projects such as a projected five year, two billion dollar expansion of our port facilities throughout the state to meet the anticipated growth in foreign trade.

Additionally, the permit process for retrofitting a plant or the reopening of a closed plant could be expedited by this panel.

Infrastructure Improvements

I have initiated an immediate Cabinet level review of public infrastructure needs. This review will be completed by the end of 1983.

Wherever possible within well-known fiscal restraints, we will speed up critically needed projects. We have already accelerated over \$200 million in highway construction projects and have taken steps to reduce the extremely costly delays we have experienced in the transportation planning and review process.

On April 1st, this administration recommended a new State Transportation Improvement Program to the State Transportation Commission. Under that program, we plan to

spend about \$11.2 billion for transportation projects of all kinds over the next five years. This will finance about 1,500 highway and transit projects during this period.

We are adding about 50 new projects not previously planned, badly needed projects which have been eagerly sought by the local areas.

In addition, my new Director of Transportation is working closely with the private sector in developing transportation facilities which benefit economic growth. In many instances these projects are funded entirely from private sources. So long as these projects are compatible with our overall transportation policies—including safety and environmental concerns—we will continue to encourage joint public-private facilities.

These projects will contribute greatly to maintaining and improving safety and traffic flow on our highways. They will create jobs as well. We expect our transportation program to provide an employment base of up to a quarter of a million jobs over the next five years.

Financial and Development Incentives

- I am proposing the creation of a statewide, non-profit Economic Development Corporation to form a partnership between the public and private sectors to encourage the location of new industrial and service businesses in California. This corporation will have two specific goals:
 1. The promotion of California as a good place to do business. Private sector funding and professional talent, including advertising and marketing, can help us get this message across not only domestically, but internationally as well. San Diego's Economic Development Corporation is a good example of a non-profit corporation with substantial private funding. Over the last five years, 25,000 new jobs were developed as a result of their activities.
 2. In line with my position that we must help all Californians, the Economic Development Corporation will also assist communities which are not represented by an economic development corporation for a variety of reasons. Economically disadvantaged communities should benefit.
- In addition, I will expand the use of state loan and loan guarantee programs for small business by supporting legislation to allow the sale of existing loan notes on the secondary market. This will free up funds for reloaning.
- I will also redirect a portion of the Governor's discretionary funds from the federal Small Cities Block Grant and

administrative funds to economic development purposes. Furthermore, a major emphasis of the new federal Emergency Jobs Act, as well as the Governor's discretionary portion of the federal Jobs Training Partnership Act funds, will be economic development.

- I will also support legislation to establish an enterprise zone demonstration program which will provide tax incentives and regulatory "short-cuts" to encourage business expansion in inner cities and other hard-hit areas of the state.

In addition to these initiatives, I have directed the Secretary of the State and Consumer Services Agency to develop and implement a public financing program that relies more heavily on financing vehicles such as lease-purchase, certificates of participation and joint ventures.

A New Business Climate in California

A recent survey by a major accounting firm ranked California 26th among the states in overall business climate. We must act immediately to change this unfortunate perception.

I am personally taking an active role in seeing that the welcome mat is out for all responsible enterprises which wish to bring their business and investment to our state. My participation in the discussions that led to the planned reopening of the General Motors plant in Fremont is representative of the kind of involvement the business community can count on.

We are also reinstituting the toll-free telephone lines to the Department of Economic and Business Development and making sure that the Department is able to effectively communicate with out-of-state corporate decision makers that California is actively encouraging new plants to locate in the state. I also intend to communicate in writing with major companies both in and out of the state to let them know that California is ready to do business once again.

California also needs to increase its effort to promote tourism, an industry that supported nearly 600,000 jobs in the state in 1981. This administration will initiate the formation of a privately funded *California Tourism Authority*, a non-profit statewide corporation devoted specifically to tourism development and promotion. I will sponsor a Governor's Conference on Tourism, both to assist in this effort and to promote tourism activities in California.

One of our first priorities in this regard is to encourage the 700,000 spectators who are expected to attend the 1984 Olympic Games to spend a few days visiting other parts of the state.

Along with these positive actions, we must avoid negative policies such as a split assessment roll for property taxes and

punitive plant closure legislation. These policies would deter business from locating and expanding in California, and ultimately cost us hundreds of thousands of jobs.

Small Business Relief and Revitalization

Small business is the key to job creation, technological innovation and economic expansion in the 1980's. Ninety-five percent of the state's businesses employ less than 50 people and provide 45 percent of all private jobs. Small business is the backbone of California's economy.

I have directed the Department of Economic and Business Development to establish several pilot Small Business Resources Centers which will provide service support such as marketing, accounting and economic analysis to small businesses which would otherwise not be able to afford full-time, high caliber talent in these areas. In addition, the Centers can also play a role in coordinating various financial assistance programs available through government agencies. I have also directed the Department to initiate regional small business forums to promote the growth and job expansion possibilities available to new and existing small businesses.

I am also announcing my support of legislation to allow new small businesses to carry forward for 2 years any operating loss, not to exceed \$100,000. In these difficult economic times we must encourage—not discourage—the creation and expansion of small business.

Finally, I have directed my Cabinet to review the in-house services now provided by government to seek out areas where they could be performed more economically by the private sector. I would support a constitutional amendment to permit contracting out under these circumstances in order to allow small businesses to absorb an expected future increase in the need for these services.

A New Era for the Housing Industry

Stimulating the state's housing industry is vital to the success of any economic growth and job creation program. It has been estimated that each new home built and sold in California generates \$86,000 in direct business activity and \$15,800 in state and local tax revenues, not to mention the enormous job creation impact.

The actions I am announcing in this package do not suggest a complete housing program, but only a beginning. To provide incentive to the housing industry, I will seek passage of two legislative proposals, AB 1831 and AB 1829 (Assemblywoman LaFollette), which will facilitate housing near employment

centers and exempt housing projects from redundant Environmental Impact Reviews.

I will also support legislation which will expand the supply of mortgage capital by allowing local agencies to issue revenue bonds to finance manufactured housing placed on permanent foundations.

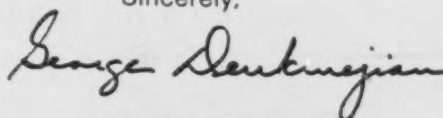
I wish to again reiterate my support for the California First Time Homebuyer's Act, approved by the voters in last November's election as Proposition 5. By embodying the concept that the government's role in the housing finance arena is to leverage private sector funds, the measure will not require the expenditure of any tax dollars. Under this measure, each dollar raised through the state's bonding capacity provides more than fourteen additional dollars in private sector mortgage funds. I am examining the extension of this approach to other state housing programs.

These actions, combined with the regulatory reform measures I outlined earlier and vigorous opposition to rent control, will provide new incentives to spark a needed increase in housing starts.

I must emphasize that this program is only a beginning. I plan to work closely with business and labor throughout my administration to put California's economy on top again and put California's workers back to work.

The long-awaited recovery from one of the worst national economic slumps in decades is finally underway. I am convinced that California can lead that recovery, just as we have so many times in the past. If the legislature acts swiftly on my economic development and budget proposals, then I believe next year's economic report will reveal that a new era of growth and opportunity is on hand to be shared by all Californians.

Sincerely,

A handwritten signature in dark ink, reading "George Deukmejian". The signature is fluid and cursive, with the first name "George" and last name "Deukmejian" clearly legible.

George Deukmejian
Governor of California

Honorable George Deukmejian
Governor of California
State Capitol
Sacramento, California

Dear Governor Deukmejian:

I am transmitting herewith the 1983 Economic Report on the California economy for your submission to the Legislature.

I wish to express my appreciation for the assistance we have received from the many State departments which have contributed to the Report.

Very truly yours,

Michael Franchetti

MICHAEL FRANCHETTI
Director of Finance

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I. OVERVIEW ON CALIFORNIA

California did not escape the impacts of high interest rates and a nationwide recession during 1982. This State did, however, perform slightly better than the rest of the country.

Total nonagricultural employment in California fell by 1.3 percent last year compared to a 1.6 percent decline in the U.S. Much of the support in this State results from the distribution of employment. California has a smaller proportion of total jobs in those sectors most vulnerable to economic downturns—construction, nonaerospace manufacturing and transportation. Similarly, a higher proportion are in finance, services, trade and aerospace—the sectors generally less susceptible to fluctuations.

Although civilian employment increased in California and fell in the rest of the United States, unemployment in this State rose more rapidly. The jobless rate in California averaged 9.9 percent last year, a sharp increase from 7.4 percent in 1981. Nationally, the 1982 unemployment rate was 9.7 percent. These seemingly contradictory trends between employment and unemployment can be explained by labor force growth. Last year the number of persons entering the California labor force increased by 3.2 percent. The U.S. growth rate was only 1.0 percent.

Net in-migration into this State, which accounted for much of the additional labor force growth, surged to 275,000 people. The willingness of individuals to locate in California, particularly during the recession, was a vote of confidence in this State's economy.

Personal income, the broadest dollar measure available on economic activity in this State, increased to \$310.6 billion in 1982. The 7.7 percent rise was down sharply from the growth rate of the previous several years, but still better than the 6.4 percent increase in the U.S. In eight of the past 10 years California's income growth has outperformed the rate in the rest of the country. Over the decade California income as a percent of the U.S. total has risen from 11 to 12 percent. Per capita income in this State has consistently been above the national average. In 1982 it stood at an estimated \$12,572, or 14 percent higher than the national average of \$11,007.

The California consumer price index rose by 6.5 percent last year, a vast improvement from the 10.8 percent rate in 1981 and very close to the U.S. rise of 6.3 percent. Falling interest rates, weak home prices and declining oil prices led to an actual decline in the CPI during the second half of 1982.

Retail sales increased only slightly during 1982; the total of \$128.8 billion was up only 1.4 percent from 1981. Durable goods sales fell by 4.8 percent while nondurable sales rose 4.6 percent. The difference in these two trends is typical for recessions when major durable goods purchases are postponed.

California housing unit authorizations dropped by 20 percent in 1982—the fifth consecutive year of decline. The 84,018 unit level represented the lowest total in more than three decades. In the U.S., authorizations rose by 0.6 percent. Between 1977 and 1982 California housing unit authorizations as a share of the U.S. have fallen from 16.1 percent to 8.5 percent.

The economic recovery is expected to be moderate in California, with growth in employment and income more restrained than has occurred during prior expansionary phases of the business cycle.

II. EMPLOYMENT

Nonagricultural Wage and Salary Employment

California nonagricultural wage and salary employment declined in 1982 by 1.3 percent, compared to a 1.5 percent gain in 1981.¹ The sector with the best performance was services—up 2.2 percent. Construction registered the sharpest decline with a 12.9 percent drop in the number of jobs.

TABLE II-1
California Employment, 1981 and 1982

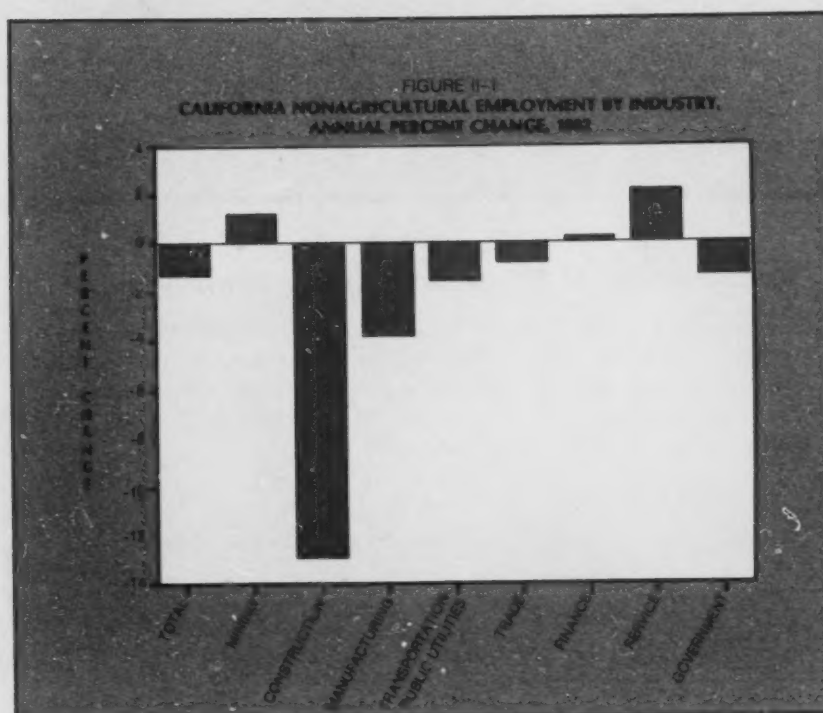
	1981 (000)	1982 (000)	Change from 1981	
			(000)	Percent
Total Nonagricultural Employment.....	9,996.3	9,866.3	-130.0	-1.3
Mining.....	49.2	49.8	0.6	1.2
Construction.....	427.7	372.5	-55.2	-12.9
Manufacturing.....	2,022.7	1,946.3	-76.4	-3.8
Nondurable goods.....	647.2	628.7	-18.5	-2.9
Durable goods.....	1,375.5	1,317.6	-57.9	-4.2
Aerospace.....	638.8	641.6	2.8	0.4
Other durables.....	736.7	676.0	-60.7	-8.2
Transportation and utilities.....	554.8	546.0	-8.8	-1.6
Trade.....	2,301.5	2,283.9	-17.6	-0.8
Wholesale.....	590.6	584.3	-6.3	-1.1
Retail.....	1,710.9	1,699.7	-11.2	-0.7
Finance, insurance and real estate.....	642.9	644.4	1.5	0.2
Services.....	2,241.0	2,290.3	49.3	2.2
Government.....	1,756.5	1,733.2	-23.3	-1.3
Federal.....	327.6	324.5	-3.1	-0.9
State and Local.....	1,429.0	1,408.7	-20.3	-1.4

Note: Percent changes calculated on unrounded data. Parts may not add to totals due to independent rounding.

Mining

Total mining employment rose by 6,000 jobs, or 1.2 percent, from 1981 to 1982. The gain last year was entirely attributable to

¹ California Employment Development Department interim series. The Statistical Appendix portion of this report uses the official series prepared by the U.S. Bureau of Labor Statistics.



increases in fuel extraction activity. Preliminary estimates indicate that California crude oil production in 1982 increased for the fourth year in a row and established an all-time record. The 1982 output of 403 million barrels surpassed 1981 production of 386 million barrels by 4.4 percent.

Construction

The construction sector continued to be hurt by high interest rates. The 1982 decrease of 12.9 percent to 372,500 jobs represented the third straight year of decline. More than 120,000 jobs were lost from the peak month of July 1979 to the December 1982 low.

During the past year, the employment of heavy construction and special trade contractors was less impacted than that for general building contractors. This trend primarily reflected a better situation in ongoing nonresidential activity than in residential building, which slumped sharply.

Manufacturing

The total number of jobs in manufacturing decreased during 1982 as consumer spending continued to weaken. Durable goods employment declined by 4.2 percent compared to a 2.9 percent drop in the nondurable goods category. Within the durable group, aerospace employment registered an anemic 0.4 percent gain. Nonaerospace durable goods employment fell by 8.2 percent, or 60,700 jobs.

The Major Manufacturing Employment Sectors. All but four manufacturing industry groups experienced employment declines between 1981 and 1982, as shown in Table II-2. The four groups which saw a rise were printing and publishing, petroleum and coal products, nonelectric machinery, and miscellaneous manufacturing, which includes toys, sporting goods, jewelry, musical instruments, and many small product categories. The sharpest drops occurred in lumber and wood products, primary metal industries, furniture and fixtures, and stone, clay, and glass products. In general, the more basic manufacturing industries had relatively steeper employment declines, attributable largely to the lethargic situation for housing, autos, and plant and equipment investment during most of 1982.

TABLE II-2
Manufacturing Employment

	1981 (000)	1982 (000)	Change from 1981	
			(000)	Percent
Total.....	2,022.7	1,948.3	-76.4	-3.8
Nondurable Goods.....	647.2	628.7	-18.5	-2.9
Food and kindred products....	186.8	182.1	-4.7	-2.5
Textile mill products	13.7	12.3	-1.4	-10.2
Apparel	107.7	103.3	-4.4	-4.0
Paper and allied product	38.5	37.3	-1.2	-3.1
Printing and publishing	125.1	126.1	1.0	0.8
Chemicals and allied products	67.1	64.4	-2.7	-4.0
Petroleum and coal products	31.0	31.7	0.7	2.3
Rubber and plastics	65.1	61.0	-4.1	-6.3
Leather products	12.0	10.7	-1.3	-10.8
Durable Goods	1,375.5	1,317.6	-57.9	-4.2
Lumber and wood	57.1	45.9	-11.2	-19.6
Furniture and fixtures	55.0	49.1	-5.9	-10.7
Stone, clay and glass.....	56.7	50.7	-6.0	-10.6
Primary metal industries.....	54.9	48.4	-6.5	-11.8
Fabricated metal products.....	152.1	138.1	-14.0	-9.2
Nonelectric machinery	234.5	227.0	-7.5	-3.2
Electric and electronic equip- ment.....	346.5	349.4	2.9	0.8
Transportation equipment	274.7	263.5	-11.2	-4.1
Instruments and related products	102.6	102.1	-0.5	-0.5
Miscellaneous	41.5	43.4	1.9	4.6

Aerospace.¹ The softness in aerospace during the past year did not surprise most analysts. Forecasters expected that the declining demand for consumer goods, the worldwide recession and a delay in the impact of increased defense spending would lead to weakness in 1982. During the past year employment fluctuated between 639,000 and 646,000 jobs.

Commercial aircraft production in California was affected by national and international economic conditions and the financial

¹ The specialized industries comprising the aerospace group are listed in Appendix Table 8.

position of the major airlines. Extensive air fare discounting in 1982, particularly during the fourth quarter, led to record operating losses for U.S. airlines.

Despite nearly a 50 percent decline in net new orders worldwide, the California industry did well. The strength in this State was almost entirely due to sales of the DC-9 Super 80 by McDonnell Douglas. Some subcontractors in this State, however, were impacted by the sharp decline in net new orders for planes produced by the Seattle-based Boeing Company.

The longer term outlook for the commercial sector is favorable, however. As the economy improves, a resurgence in the industry is expected to get under way. The increasing share of hub-to-spoke operations relative to direct flights, a result of deregulation, is expected to continue to influence aircraft demand. Relatively more emphasis is being given to smaller aircraft, such as the DC-9 Super 80, and relatively less to wide bodies such as the DC-10 and 747.

During the Federal fiscal years 1979, 1980, and 1981 California received 20.6, 20.4, and 19.0 percent, respectively, of U.S. Department of Defense (DOD) prime contracts. During the first half of fiscal 1982 the share jumped to 24.6 percent. The value of awards rose to \$11.7 billion—up 45 percent compared to the same six months of 1981.

Although increased Federal defense spending has not yet been translated into many California jobs, the very large share of all prime contract awards which go to this State make improvement only a matter of time. The following are DOD projects under consideration which could have a potential impact on California aerospace industries:

<i>Project</i>	<i>Company</i>	<i>Description</i>
P-3 Orion	Lockheed	Patrol bomber for the U.S. Navy and foreign sales.
S-3	Lockheed	Electronic surveillance aircraft for the U.S. Navy.
B-1B	North American-Rockwell	Advanced manned bomber for the U.S. Air Force.
CX-17	McDonnell-Douglas	Cargo aircraft for U.S. Air Force.
MILSTAR	TRW, Hughes, Lockheed	Military communications satellite.
F-18A	Northrop	Fighter intercept aircraft for U.S. Air Force.
KC-10	McDonnell-Douglas	Aerial refueling tanker-cargo aircraft.
VTX	McDonnell-Douglas	Pilot training aircraft.
Cruise missile	General Dynamics	Medium range air to surface missile to be used by U.S. Air Force and Navy.
F-56	Northrop	Fighter aircraft for U.S. Air Force and export sales.
MX (Peacekeeper) ..	Hughes	Land based ballistic missile.
Trident II	Lockheed, Hughes	Submarine-launched ballistic missile.
Stealth Bomber	Northrop	Advanced manned bomber.

California receives an overwhelming share of the National Aeronautics and Space Administration (NASA) prime contract awards to states. The \$2.1 billion in NASA contract awards distributed within California in the 1982 fiscal year represented 42.0 percent of all awards nationwide. NASA budget increases during fiscal years 1983 and 1984 are expected to provide continuing support to the California aerospace industry:

NASA Budget Summary (\$ thousands)			
Budget Plan	Fiscal 1982	Fiscal 1983	Fiscal 1984
Research and Development.....	\$4,771,950	\$5,542,800	\$5,708,500
Construction of Facilities	113,700	97,500	150,500
Research and Program Management.....	1,134,134	1,199,050	1,247,500
Total Budget Plan.....	6,019,784	6,839,350	7,106,500
Total Outlays	6,035,401	6,721,500	6,981,100

The aerospace industry was also affected by disappointing semiconductor sales. Along with a weak market for these components, California firms faced stiff and growing competition from the Japanese producers.

Transportation and Public Utilities

Employment in the transportation and utility sector decreased by 1.6 percent in 1982. Transportation employment accounted for virtually all of the decline. All three of the major transportation components—railroads, trucking and other transportation (primarily the airlines)—experienced cutbacks from 1981 employment levels. The number of jobs in the communication sector rose by 2.5 percent, reflecting in part the growing cable and subscription television business. Electric, gas, and sanitary services employment was essentially unchanged.

Trade

Sluggish consumer demand pushed 1982 trade employment down slightly from the 1981 level. Total trade jobs declined by 17,000 during the past year (−0.8 percent), compared to a 35,000 job gain in 1981.

Retail sales grew by only 1.4 percent in 1982, as a result of slow income growth, rising unemployment, increased savings, and the reluctance of consumers to take on major purchases due to uncertain economic conditions. The 0.7 percent decline in retail trade employment not only reflected such weak sales activity, but the efforts of companies to control costs.

Finance, Insurance and Real Estate

Finance, insurance, and real estate employment rose by 0.2 percent in 1982 to reach 644,400. Finance and insurance businesses provided the support for the sector. Real estate employment was down by 3.1 percent, or 4,000. Slow sales of new and existing properties were responsible for the job loss.

Services

The growth in services again outpaced every other sector. Employment rose by 49,300 last year to an average 2,290,300. The most rapid gains occurred in the health and amusement and recreation industries. Business and personal services employment rose moderately. Computer and data processing services, which represent over one-tenth of all business services, rose at an 8.5 percent rate during the first nine months of the year. Only the auto-related services group declined.

	Service Employment in 1982 (000)	Change from 1981	
		(000)	Percent Change
Total	2,290.3	49.3	2.2
Hotel and other lodging	120.5	0.9	0.8
Personal services	103.8	2.8	2.8
Business services	492.9	7.2	1.5
Auto and miscellaneous repair	134.1	-1.0	-0.7
Motion pictures	78.4	1.0	1.3
Amusement and recreation	100.7	3.3	3.4
Health services	801.7	18.4	3.2
Other *	658.2	16.7	2.6

* Includes legal, educational, social, and various miscellaneous services.

Government

The total number of government employees in California decreased by 23,200, or 1.3 percent, in 1982. Federal Government jobs declined by 0.9 percent, while State and local government jobs fell by 1.4 percent. Within the State and local group, county and education employment accounted for most of the decline. The only level of government which registered a gain was special districts.

Trends in Nonagricultural Employment

Changes in the Distribution of California Employment

The changing shares of the various nonagricultural sectors indicate the structural changes occurring in the state economy. The most pronounced trend has been the continuing shift of employment from producing sectors into service-related areas (see Figure II-3).

In 1967, a little more than one California job in four was in manufacturing. By 1982, the proportion had changed to less than one in five. This shift of employment out of manufacturing occurred in practically every industry. Industries seeing the greatest decline in shares included transportation equipment, food and kindred products, and fabricated metal products. Over the past 10 years, only the electrical equipment, instrument and nonelectrical machinery industries gained shares of nonagricultural employment. These three industries, while substantial, were not enough to offset the declining shares in other manufacturing.

FIGURE II-2
U.S. AND CALIFORNIA NONAGRICULTURAL EMPLOYMENT,
ANNUAL PERCENT CHANGE, 1972-1982

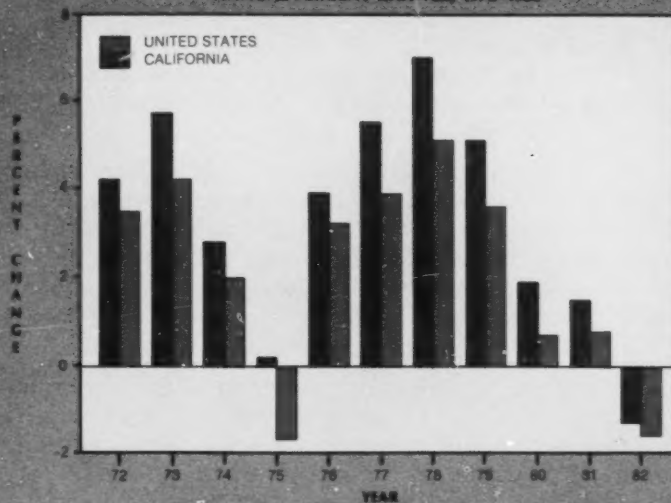
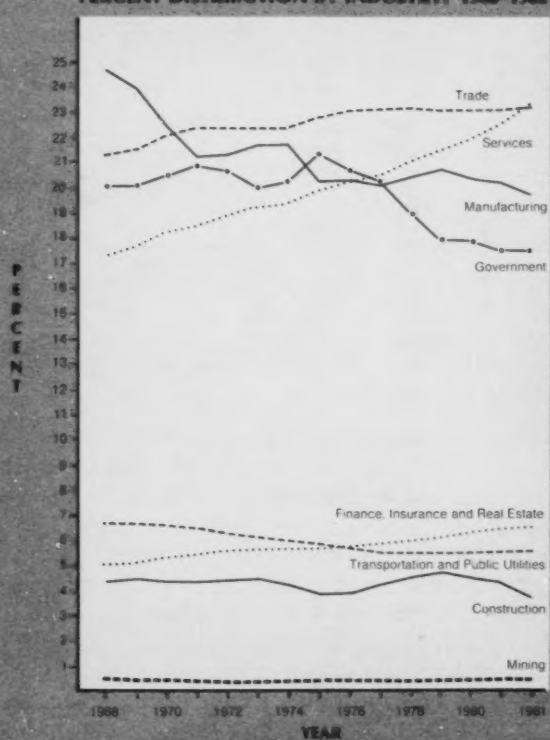


FIGURE II-3
CALIFORNIA NONAGRICULTURAL EMPLOYMENT
PERCENT DISTRIBUTION BY INDUSTRY: 1968-1982



Construction is a major factor in employment fluctuations over the business cycle. California lost 235,000 jobs between the June 1981 peak and the December 1982 trough. One-third of these were in construction. However, construction accounts for a small portion of nonagricultural employment. Only the mining industry, which accounts for less than 1 percent, employs fewer people. Over time construction has remained at about $4\frac{1}{4}$ percent of employment, plus or minus $\frac{1}{2}$ percent for business cycles.

The service sector has experienced tremendous employment growth since the late 1960s. In 1967, one job in six was in services. By 1982 the ratio had shifted to almost one job in four. This growth was due primarily to a near doubling in the share for business services from 1967 to 1982. Computer and data processing services, which have risen by about 200 percent just since 1975, has been a major source of strength.

The impact of Proposition 13 on government employment has been dramatic. Prior to 1978, government jobs accounted for about 20 percent of all nonagricultural jobs. The passage of Proposition 13, however, and the resulting loss of local revenues, effectively stopped the long-term growth of government. Government employment seems to have stabilized at about 17.5 percent of nonagricultural employment. This share is expected to fall further in the future, however, as the job situation improves over the course of the recovery.

The outlook on employment distribution for the next few years is for a continuation of recent trends. Increasing productivity in manufacturing is likely to continue reducing manufacturing's share of nonagricultural employment. The growing use of office information systems, and increased demand for legal, accounting and health services will contribute to a larger service sector. Other sectors, which are more directly tied to population trends, should show only minor shifts in relative importance.

California as a Share of the Nation

The distributions of employment in California and the U.S. are remarkably similar. As seen in Figure II-4, the only major difference is that a slightly larger percentage of nonagricultural employment nationally is in the three goods producing industries, mining, construction, and manufacturing.

Figure II-5 illustrates how California employment as a percent of the U.S. has been changing over time. California government employment prior to the passage of Proposition 13 represented a much greater share of total employment than existed nationally. The shares of California employment in both the construction and manufacturing sectors were much smaller than the shares in the U.S. through the mid-1970s. Since that time, however, the share of total California employment in construction and manufacturing has moved closer to the national shares. This change helps explain why the current recession has had a much greater impact on California than did previous downturns.

FIGURE II-4
CALIFORNIA AND U.S. NONAGRICULTURAL EMPLOYMENT
PERCENT DISTRIBUTION BY INDUSTRY: 1982

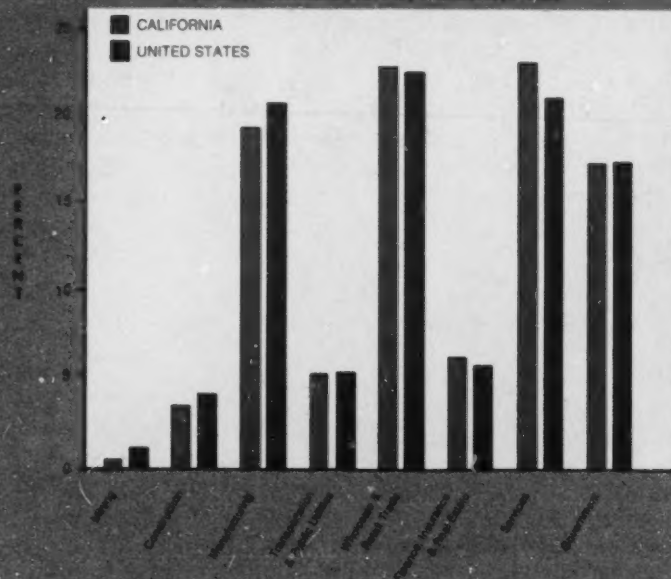
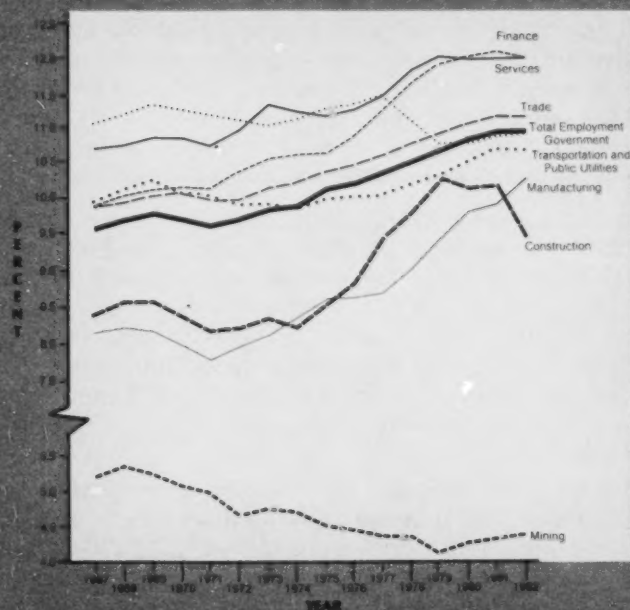


FIGURE II-5
CALIFORNIA NONAGRICULTURAL EMPLOYMENT AS A PERCENT OF
U.S. NONAGRICULTURAL EMPLOYMENT, BY INDUSTRY:
1967-1982



Note: The bold black line in the upper half of the graph is total California as a percent of total U.S. The closer a California/US industry ratio line is to the total California/US line, the closer California's employment distribution for that industry is to the U.S. employment distribution. If the industry line is above the total line, California's employment distribution for that industry is larger than that for the U.S.; if below, California is smaller than the U.S.

Civilian Labor Force, Employment and Unemployment

Civilian employment growth¹ was weak throughout most of 1982. The number of persons finding work increased by 41,000 to 10,978,000, a rise of only 0.4 percent. As small a gain as this was, it was still better than the decline registered nationally. Labor force growth in this State was a relatively strong 3.2 percent, again higher than the pace in the rest of the United States. As a result of these employment and labor force developments, the California unemployment rate rose to an average 9.9 percent for the entire year.

TABLE II-3
California Labor Force and Employment, 1981 and 1982

	1981 (000)	1982	
		(000)	Percent Change*
Civilian labor force	11,811	12,189	3.2
Civilian employment	10,937	10,978	0.4
Unemployment	874	1,211	38.6
Unemployment rate	7.4	9.9	—

* Percent changes calculated on unrounded data.

Source: California Employment Development Department

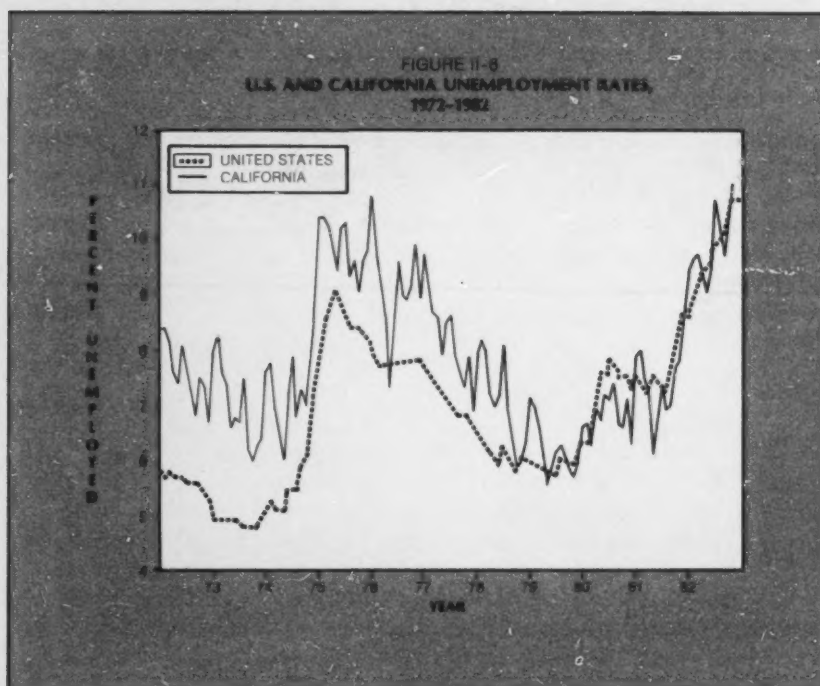
Unemployment increased rapidly during the year as economic conditions worsened. An additional 337,000 persons were added to the jobless rolls, with over one million persons unemployed each month. Between January and December 1982 the rate moved from 8.7 percent to 11.0 percent.

During 1980 the annual unemployment rate for California fell below the national rate for the first time since the mid-1950s. The trend continued in 1981, but was reversed in 1982 as this State's rate remained above the national average during most months of the year. The United States unemployment rate averaged 9.7 percent last year, 0.2 percentage points below the California level. Figure II-6 compares U.S. and California unemployment rates over the period from 1972 to 1982.

As would be expected, there was a surge in the number and proportion of job losers in the unemployed total. This group rose to 916,100 as of February 1983, and accounted for more than 63 percent of the jobless. New entrants and reentrants to the labor force who were unable to find work amounted to 426,200, or 29.3 percent of the unemployed. Somewhat surprisingly, there were 108,600 persons who left their jobs voluntarily. They represented 7.5 percent of the jobless in February this year.

The impact of rising unemployment varied among labor force groups. For those in the prime working ages (25 to 64 years), the 1982 unemployment rate averaged nearly 2 percent below the overall statewide figure. The percent of women unemployed was slightly below the overall rate. It was among nonwhites and youths (ages 16 to 19) that unemployment took the greatest toll.

¹ The civilian employment series differs from the nonagricultural wage and salary employment series. Wage and salary employment data represent a job count, and are compiled from employer reports. Civilian labor force, employment and unemployment data are derived from a household survey.



During 1982 the nonwhite rate ranged from about 10 to 15 percent. For youths the problem was even more severe, with joblessness running from 19 to more than 26 percent.

Regional unemployment trends were particularly diverse, as individual counties had rates as low as 6 percent and as high as 30 percent. In general, the urban areas experienced the lowest rates, while the rural mountain counties had the highest. The difference in county unemployment was primarily a result of the regional economic base. The urban areas are largely supported by trade, services, government and aerospace—activities which are less sharply impacted by downturns. The rural areas rely heavily on lumbering and agriculture. The lumber industry was hard hit by the slump in housing construction, while agriculture was impacted by lower prices for many important crops and rising production costs.

The following shows the counties with the highest and lowest unemployment rates:

Sierra	31.4%
Imperial	31.2
Del Norte	23.5
Siskiyou	22.6
Plumas	22.4
Sutter	21.2
Trinity	21.2
State average	9.9
San Francisco	8.4
Contra Costa	8.0
Santa Barbara	7.9
Santa Clara	7.5
Orange	7.2
San Mateo	6.5
Marin	6.2

By at least one measure the economic hardship from unemployment during the current cycle has been more severe than in the 1974-75 recession. Slightly less than half of the total jobless in 1982 were covered by regular unemployment insurance (UI) benefits. During 1974 and 1975 the share covered was a little over 60 percent, and for selected months about three-fourths of those out-of-work received regular UI benefits. The reasons behind the decreased coverage in 1982 included the expiration of benefits due to the length of unemployment, more rigid eligibility requirements, and too short a period of employment preceding unemployment.

Hours and Earnings

Along with declines in the number of production-related jobs last year, there was a decline in the average hours worked each week. Excluding general construction, where average weekly hours rose 2.0 percent, the drops in work week time ranged from 0.3 percent in nondurable manufacturing to 2.3 percent in motion picture and television production.¹ Such a downtrend is typical during a recession. As economic conditions worsened, employers attempted to temper lay-offs with reductions in working hours, thereby retaining valuable employees who would be needed when the recovery started.

The largest increase in average hourly earnings² during 1982 was a 9.6 percent gain for general construction workers. The 26.5 percent rise in the motion picture and television category was distorted by the 1981 labor dispute. The smallest increase was the 5.0 percent change in retail trade. Except for retail trade, all average hourly earnings growth exceeded the rate of inflation. Last year marked the first time since 1977 that average hourly earnings grew faster than inflation in all but one sector. The strength of hourly earnings offset the decline in hours worked per week in 1982, although the resulting average weekly earnings increases were relatively small compared to previous years.

Table II-4 summarizes average hours and earnings of production workers during the past year.

The Employment Forecast for 1983 and 1984

Nonagricultural wage and salary employment in the State is expected to rise by 1.3 percent in 1983. This would be the slowest growth in the State since 1975 (excluding the decline in 1982), but it is not unusual for the first year of an economic recovery. Employers are expected to add new workers slowly until they are certain that increases in consumer demand will be sustained. The forecast for 1984 calls for more normal growth. Nonagricultural wage and salary employment is expected to be up 4.1 percent for that year—a smaller gain than in the traditional post-recession recovery years in California.

¹ Although these reductions in weekly hours may seem small, they are large by historical standards.

² Including overtime pay and premium wages for late-shift work.

TABLE 11-4
Average Hours and Earnings of Production Workers in 1982¹
(Percent change from 1981 in parentheses)

Industry	Average Weekly Hours	Average Hourly Earnings	Real ² Average Hourly Earnings	Average Weekly Earnings	Real ² Average Weekly Earnings
Construction					
General Construction Contractors	35.3 (2.0)	\$16.97 (9.6)	\$8.24 (3.5)	\$599.04 (12.0)	\$290.08 (5.5)
Heavy Construction Contractors	36.6 (-1.4)	\$17.21 (8.8)	\$8.35 (2.6)	\$629.89 (7.2)	\$305.77 (1.2)
Manufacturing	39.2 (-1.0)	\$9.24 (7.9)	\$4.49 (1.9)	\$362.21 (6.9)	\$175.83 (1.0)
Nondurable Manufacturing	38.5 (-0.3)	\$8.57 (6.6)	\$4.16 (0.6)	\$329.95 (6.3)	\$160.17 (0.4)
Durable Manufacturing	39.6 (-1.2)	\$9.60 (8.8)	\$4.66 (2.7)	\$380.16 (7.4)	\$184.54 (1.4)
Wholesale Trade	38.3 (-1.5)	\$9.80 (8.9)	\$4.75 (2.8)	\$375.34 (7.3)	\$182.20 (1.3)
Retail Trade (Excluding Eating and Drinking Places)	31.4 (-0.9)	\$8.02 (5.0)	\$3.89 (-1.1)	\$251.83 (3.9)	\$122.25 (-1.9)
Services					
Motion Picture and Television Production	37.9 (-2.3)	\$16.02 (26.5)	\$7.78 (19.5)	\$607.16 (23.5)	\$294.74 (16.6)

¹ Average hours and earnings are based upon data for full-time and part-time production and related workers in manufacturing industries, construction workers in construction, and nonsupervisory employees and working supervisors in other industries. Average gross weekly and hourly earnings include overtime pay and premium wages for late-shift work. Attention is directed to the fact that these are not wage rates but are averages of the gross earnings.

² Adjusted by the U.S. Personal Consumption Expenditures deflator.

The goods-producing sectors—mining, construction and manufacturing—are likely to show gradual improvement this year, before surging in 1984. A significant amount of unused capacity exists in the manufacturing sector, and output increases in the short-term can be expected to occur without substantial rehiring.

Prior to the latest recession, the aerospace industry was a major source of new jobs. In the next two years, growth in this industry will be slower than in previous years. Sales of commercial aircraft will remain sluggish throughout the year, and spending on consumer products is likely to be restrained. The surge in Federal defense spending will have a delayed impact on job creation.

Growth in most service-related sectors is expected to offset some of the weakness in the producing sectors. The notable exception is government employment. The total for Federal, State and local jobs is forecast lower for 1983. The State and local component will reflect the fiscal constraints which are likely to continue through much of 1984.

Unemployment will peak in the first part of 1983, and drop gradually in succeeding months. Improving conditions will attract new job seekers at a time when businesses will still be hiring slowly—a situation which will preclude a rapid reduction

in the jobless rolls. The unemployment rate for all of this year will average 10.8 percent. By the end of 1983, the jobless rate will still be high, at more than 10 percent. As the economic recovery gathers strength in 1984 unemployment will decline steadily and is expected to average about 9.5 percent of the labor force.

TABLE II-5
California Employment, 1983-1984
(Number in thousands)

	1983		1984	
	(000)	Percent Change*	(000)	Percent Change*
Civilian labor force	12,402	1.7	12,809	3.3
Civilian employment	11,068	0.8	11,597	4.6
Unemployment	1,334	10.4	1,212	-9.1
Unemployment rate (%)	10.8	—	9.5	—
Total Nonagricultural Employment	9,997	1.3	10,402	4.1
Mining	50	0.7	52	4.6
Construction	383	2.7	425	11.1
Manufacturing	1,957	0.5	2,060	5.2
Nondurable goods	639	1.6	676	5.8
Durable goods	1,318	0.0	1,384	5.0
Aerospace	645	3.6	667	3.3
Other durables	673	-0.5	717	6.6
Transportation and utilities	550	0.7	568	3.3
Trade	2,328	1.9	2,425	4.2
Wholesale	595	1.8	619	4.0
Retail	1,733	1.9	1,806	4.2
Finance, insurance and real estate	654	1.5	689	5.3
Services	2,352	2.7	2,460	4.6
Government	1,722	-0.6	1,722	0.0
Federal	325	-0.0	319	-1.8
State and Local	1,398	-0.8	1,404	0.4

* Percent changes calculated on unrounded data

Collective Bargaining

Bargaining activity was relatively light during the past year, with 462,600 union workers involved in major negotiations. In agreements negotiated for 500 or more workers, the average first year increase was 6.0 percent, down from the 8.9 percent gain in 1981. For construction agreements the average first-year increase during 1982 was 8.7 percent, substantially below the 12.2 percent average first-year increase on contracts negotiated in 1981.

Some unions accepted wage concessions or freezes in 1982 for the employees they represented. Included in this list are workers covered under contracts with Western Airlines, Leach Relay Company, California Processors & Growers, Food Employers Council Inc. and Independent Grocers, California Trucking Association, the Associated General Contractors, the National Electrical Contractors Association, Ford Motor Company, General Motors, International Harvester, United Parcel Service and National Automobile Transportation Association.

Preliminary estimates indicate that approximately 52,000 workers were idled by work stoppages during 1982, the lowest level of strike activity recorded in California since the Department of Industrial Relations began publishing statistics on work stoppages in 1952. During 1981, 60,000 workers were involved in stoppages, for a total of 1,539,100 workdays idled. In contrast, 1980—a year of heavy negotiations—saw 338,700 California workers involved in work stoppages, with 6,775,000 workdays idled.

TABLE II-6
Work Stoppages in California, 1979-1981

Year	Number of Stoppages	Number of Workers Involved	Number of Days of Idleness
1979	403	145,000	3,351,500
1980	357	338,700 *	6,775,000
1981	231	60,000	1,539,100
1982	n.a.	52,000 ^b	n.a.

* A year in which many major construction contracts were negotiated.

^b Preliminary.

Note: The number of stoppages shown for 1979 refers to stoppages beginning in that year. The number of days of idleness in 1979 includes idleness resulting from stoppages beginning in the prior year.

Nearly 670,000 California union workers are covered under contracts to be negotiated during 1983. Seventy-eight percent of these workers are employed in sectors other than manufacturing. Among the major contracts up for negotiation during the year are:

- Contracts involving 161,500 building and construction trades employees, 98,000 of whom are included in four contracts to be negotiated in July. The four contracts are between the Associated General Contractors of California and the following unions: United Brotherhood of Carpenters and Joiners of America, International Union of Operating Engineers, Laborers' International Union of North America, and Operative Plasterers and Cement Masons International Associations.
- Five contracts involving 90,800 members of the Communications Workers of America.
- Nearly 57,000 workers covered under agreements with the International Association of Machinists and Aerospace Workers have contracts expiring this year. Included are agreements with the California Metal Trades Association, Lockheed Corporation, Douglas Aircraft Company, and United Airlines.
- Major agreements between the Food Employers Council and Independent Food Stores and the United Food and Commercial Workers in Northern California will expire in March.

- Two major agreements between the International Brotherhood of Electrical Workers (IBEW) and Pacific Gas and Electric expired in January. These agreements covered the Operations, Maintenance and Construction Employees and the Office and Clerical Employees. During the year over 32,000 construction workers covered under agreements with the electrical workers (IBEW) are due to expire.
- Over 35,000 workers with the Hotel Employees and Restaurant Employees International Union are included under agreements which are due to expire in 1983.

Occupational Trends Through 1985

Changes in the occupational structure of employment in this State are expected to be modest over the 1980 to 1985 period. In general, the relative share of jobs in white-collar and service occupations is expected to continue rising, while the share of blue-collar and farm jobs is expected to continue declining.¹

Table II-7 shows the anticipated growth rate of major occupational groups for 11 of the largest California SMSAs, the State as a whole, and the Nation.² It should be noted that California's forecast period is 1980-1985 and the national forecast period is 1980-1990. Average annual rates are used to compensate for the difference in forecast periods. Los Angeles and San Francisco show the lowest growth rates for all occupations. This is generally due to the greater stability and lower population growth rates of these two areas. In absolute terms, of course, they account for the bulk of job opportunities.

A total of 1.7 million jobs will be created by industry growth during the 1980-85 period. Replacement demand will create another 1.8 million jobs. Table II-8 lists the 24 specific occupations which account for almost half of the job opportunities between 1980 and 1985. The table reflects only the anticipated demand for such occupations; there could be a smaller or larger number of job applicants.

¹ White-collar occupations consist of professional, technical, managerial, clerical, and sales; blue-collar occupations consist of craft, operative, and laborer occupations.

² Forecasts for San Diego and Anaheim-Santa Ana-Garden Grove SMSA were not updated by EDD.

TABLE II-7
Growth rates * By Major Occupational Group
1980 to 1985

	All Occupations	Managers, Officials	Operatives	Laborers	Clerical Workers	Professional Technical	Sales Workers	Crafts and Kindred	Service Workers	Farmers and Farm Workers
Estimated National **	2.1	2.3	1.7	2.4	2.3	2.3	2.0	2.8	1.8	-1.4
California	3.1	2.9	3.6	3.4	3.2	3.2	3.0	3.3	2.6	1.3
San Jose	4.0	4.1	4.3	3.8	4.6	3.2	4.5	3.3	3.0	-1.5
Oxnard-Simi Valley-Ventura	3.6	3.1	3.8	3.8	4.3	3.8	4.6	3.2	3.4	1.7
Sacramento	3.1	2.3	3.4	4.2	2.8	3.5	4.9	3.0	2.4	-0.1
Salinas-Seaside-Monterey	2.8	2.1	3.0	3.4	2.6	2.6	2.1	3.8	1.6	2.8
Bakersfield	2.7	2.3	2.2	2.9	2.8	2.6	2.9	2.4	2.1	3.2
Fresno	2.6	2.3	2.7	3.6	3.2	3.3	2.8	2.4	3.5	1.3
Stockton	2.5	2.6	2.5	3.3	2.9	3.3	3.0	1.8	2.0	0.8
Riverside-San Bernardino-Ontario	2.5	2.7	2.7	3.2	3.1	1.9	2.0	2.7	2.4	-1.1
Santa Barbara-Santa Maria-Lompoc	2.3	1.8	2.3	3.1	2.9	2.2	2.1	2.8	1.6	0.1
San Francisco-Oakland	2.0	1.8	2.4	2.8	2.6	1.2	1.3	2.1	1.2	-0.2
Los Angeles-Long Beach	1.8	1.4	1.7	1.5	2.0	1.9	1.9	1.9	1.4	2.7

* Average annual growth rates.

** Estimated for the period 1980-1990 from the *Occupational Outlook Handbook*.

Source: California Employment Development Department

TABLE II-8
Selected Occupations with Substantial Job Opportunities in California,
1980 to 1985

Occupation	Employment 1980	Total Job Opportunities 1980 to 1985	Average Annual Job Opportunities	Percent of Total Job Opportunities Due to Replacement
Total, All Occupations	10,872,834	3,478,398	695,680	52
Other Managers, Administrators ¹	670,151	259,116	51,823	50
Sales Workers, n.e.c. ¹	562,670	202,539	40,508	54
Secretaries, Other	397,909	157,228	31,446	49
Bookkeepers and Accounting Clerks	250,678	91,329	18,266	57
Farm Laborers, Wage Workers	270,997	73,764	14,753	72
Miscellaneous Clerical Workers ¹	202,631	68,556	13,711	51
Cooks, Except Private	143,015	65,230	13,046	41
Waiters and Waitresses	198,151	64,538	12,908	49
Janitors and Sextons	173,678	64,508	12,902	65
Gardeners and Groundskeepers, Except Farm	133,062	60,486	12,097	61
Typists	165,832	54,350	10,870	57
Accountants	125,529	53,663	10,733	45
Cashiers	148,319	52,825	10,565	47
Real Estate Agents and Brokers	89,533	51,514	10,303	63
Assemblers	156,679	50,400	10,080	40
Blue-Collar Worker Supvr., n.e.c. ¹	169,992	48,677	9,735	45
Registered Nurses	111,102	39,160	7,832	57
Guards	61,110	38,920	7,784	56
Miscellaneous Machine Operatives ¹	115,266	33,599	6,720	40
Operatives, n.e.c. ¹	113,828	33,563	6,713	42
Bank and Financial Managers	82,557	32,924	6,585	33
Truck Drivers	133,571	32,269	6,454	38
Carpenters	109,921	31,831	6,366	51
Receptionists	83,337	30,884	6,177	53

¹ Summary categories such as "Other Managers, Administrators" and "Sales Workers, n.e.c. (not elsewhere classified)", represent many distinct occupations, few of which are large on their own.

Source: California Employment Development Department.

III. DEMOGRAPHICS

Highlights of The 1980 Census

The total population of California increased by over 3.6 million people since the 1970 Census to reach 23,667,902 on April 1, 1980. This 18.5 percent gain for the State over the 10-year period compares to an 11.4 percent increase for the total United States. Due to a more complete enumeration in 1980, approximately 600,000 more people were counted in California than had previously been estimated. The national undercount was estimated at 2.2 percent in 1970, compared to an overcount of 0.4 percent in 1980.

California contains about 10 percent of the total United States population, but accounts for a relatively smaller share of Whites and Blacks and a relatively larger share of other racial or ethnic groups, as shown:

	<i>California as a Percent of the U.S.</i>
Total Population.....	10
Spanish Origin	31
Excluding Spanish Origin	
White	9
Black	7
American Indian, Eskimo, Aleut, Asian and Pacific Islander	29
Other	25

Classifying Spanish origin as an ethnic group not included in the racial categories, the 1980 census found that 19 percent of Californians identified themselves as Spanish origin, 67 percent as White, 7 percent as Black, 6 percent as American Indian, Eskimo, Aleut, Asian or Pacific Islander, and 1 percent as other. Of the 19 percent Spanish origin, 50 percent classified themselves as White. (Data for race and ethnicity from the Censuses of 1980 and 1970 are not comparable, except for the Black and American Indian categories.)

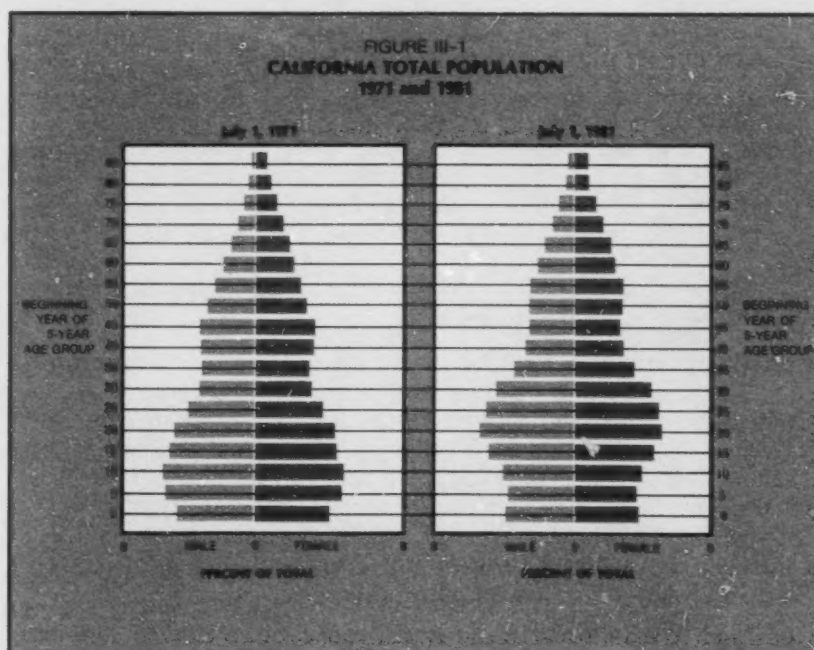
The median age in California rose from 28.1 in 1970 to 29.9 in 1980, due to the aging of the "baby boom" cohort and the increasing longevity of the population. Preliminary census results

indicate substantial differences in the age composition of individual racial and ethnic groups as shown below:

<i>Racial/Ethnic Group</i>	<i>Median Age</i>
White.....	31.9 years
Asian and Pacific Islander.....	29.1
Black.....	25.7
American Indian, Eskimo, Aleut.....	25.5
Spanish Origin.....	22.8
All Other Racial Groups.....	22.3

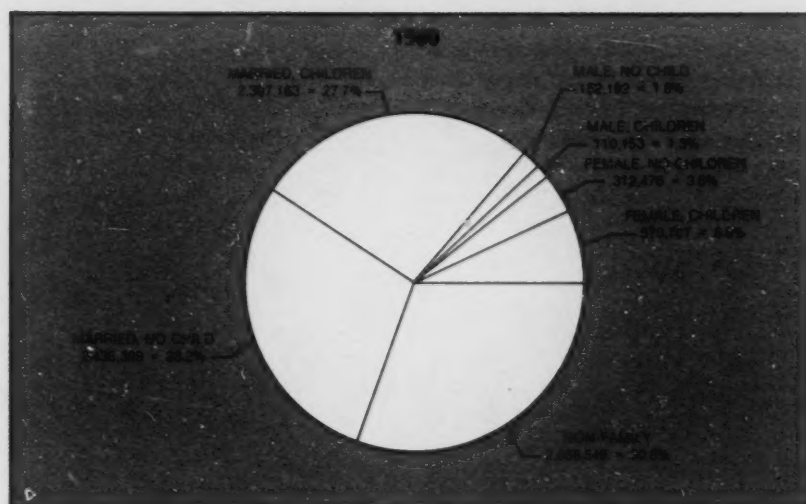
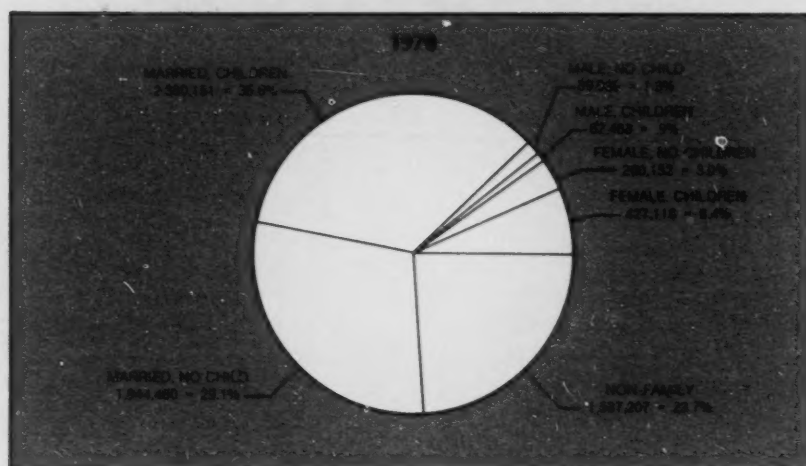
The number of households in the State grew substantially over the last decade, but the average size of households declined from 2.9 persons in 1970 to 2.7 persons in 1980. The following indicates the living arrangement in California households during 1980:

- 28 percent were married couples with children present
- 8 percent were single people with children
- 33 percent were childless couples and related persons
- 31 percent were singles and nonfamilies (unrelated individuals living together).



Over time there has been a trend away from the traditional family consisting of married couples with children present (see Figure III-2). Childless couples, singles, and unrelated people living together represent a growing share of total households. In 1970, 14 percent of all children lived in a family consisting of other than a married couple. By 1980 the proportion had risen to 20 percent.

FIGURE III-2
HOUSEHOLD POPULATION
BY TYPE OF HEAD AND PRESENCE OF CHILDREN

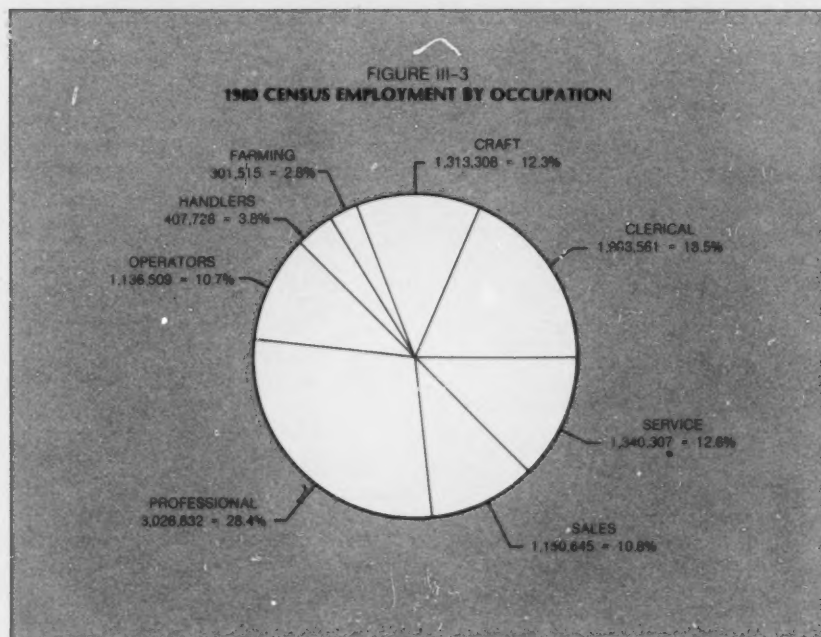


Data from the 1980 Census shows that about one-fourth of the population over 25 have not obtained a high school diploma. As shown in Table III-1, Asians are the most educated racial group with 31 percent of the population over 25 having completed four or more years of college. Within the Spanish origin ethnic group, 40 percent have an elementary school education or less. Approximately 6 percent of the Spanish origin population reports an English language difficulty and three-quarters of these people speak Spanish at home.

TABLE III-1
Percent Distribution for Years of School Completed by Race/Ethnicity
Persons 25 years and over

	Total	White	Black	Indian	Asian	Spanish Origin
Elementary	14	11	15	15	18	40
High School 1-3 year	12	12	17	19	8	16
High School 4 year	32	33	32	33	24	24
College 1-3 year	22	23	25	23	21	14
College 4 year	20	21	11	10	31	6
Total	100	100	100	100	100	100

More people were working in professional and technical positions than any of the other major occupational groupings. (For further detail see Figure III-3.) White males have the highest labor force participation rate, and American Indian males the highest unemployment rate. Spanish/Hispanic women record the lowest labor force participation rate and Asian men the lowest unemployment rate.



The median family income in California during 1979 was \$21,541. Whites had the highest family income and Blacks the lowest. About 9 percent of all families in the State were living below the poverty level. Of these, 44 percent were headed by a female with no husband present. Approximately 80 percent of all the families below the poverty level have children present.

Components of Population Change

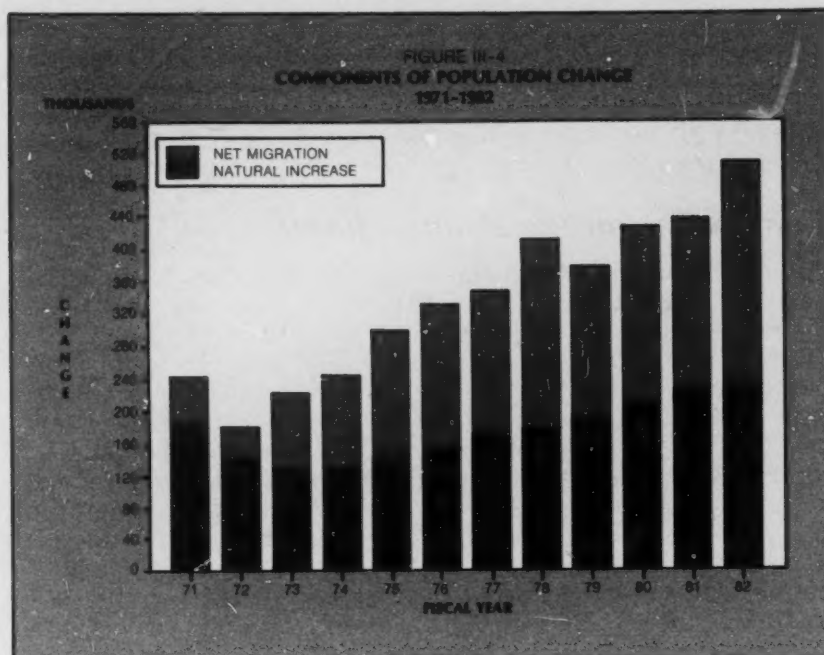
Population change is made up of four components: births, deaths, in-migration, and out-migration. Between 1970 and 1974 the number of births dropped each year. In 1974 that trend reversed and births rose each year through 1981. The additional births do not represent a rise in the general fertility rate, which measures births to women of child bearing age, but rather an increase in the number of women in this category. The general fertility rate has actually declined since 1970, and only in recent years does it appear to be leveling off. The number of deaths in California has remained fairly stable, although the death rate has generally declined over the past 11 years. The average yearly natural increase (births minus deaths) was 169,000 over the 1970 to 1981 period.

Net migration (the balance between in-migration and out-migration) averaged 153,400 during the decade. In the early part of the 1970s, natural increase was greater than net migration; however, since 1975 net migration has generally outpaced natural increase. Figure III-4 illustrates the components of population change over the period 1971 to 1982, and shows the sharp increases which occurred in 1981 and 1982.

Immigration

The number of legal immigrants and refugees coming to California from other countries has increased markedly during the past five years. This is due to several factors. The Immigration and Naturalization Act of 1965 and other special legislation greatly increased the number of immigrants allowed into the U.S., as well as the number of immigrants given refugee status. Traditionally, immigrants tended to come from Europe and settle in the eastern United States. Recent immigrants have generally come from Latin America and Asia and settled on the West Coast—especially in California. At present, about 25 percent of all nonrefugee United States immigrants settle in this State. Estimates of the number of legal immigrants entering California annually between 1970 and 1981 are shown in Figure III-5.

Of special interest are the Southeast Asian refugees from Vietnam, Cambodia, and Laos. Over one-third of those coming to the United States settle in California. Most come directly to this State from their country of origin, although there are also secondary immigrants who come directly to another state and then migrate to California. From 1979 to 1981 an average of 4,500 Southeast Asian refugees were resettled in California each month. Since late 1981 this number has decreased to 2,000 per



month. Currently there are an estimated 235,000 Southeast Asian refugees in this State.

Illegal immigration also influences population. No one knows for certain how many undocumented aliens reside in the United States or California, or how many enter and leave annually. Estimates for the United States vary widely, from 2 million to 12 million residents and from 100,000 to 1 million entrants annually with an unknown number returning to their original country each year.

It is expected that high levels of legal immigration will continue in the near term. National policy on immigration, both legal and illegal, will be an important factor determining future levels of immigration.

Implications of Demographic Trends

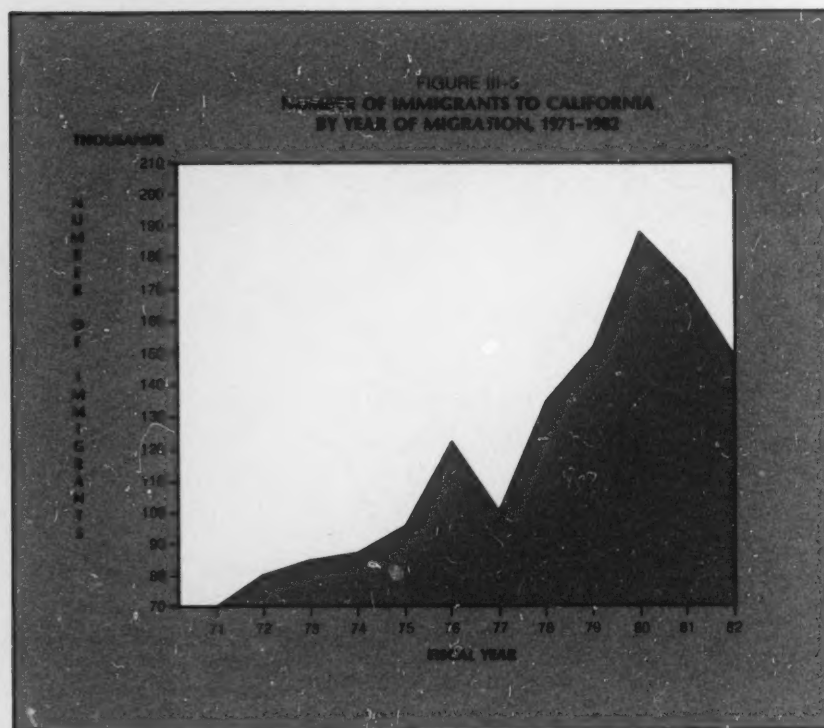
Changes in the size, concentration, and composition of California's population have a variety of implications. Births in this State have been on the rise since 1974, and as a result, declines in elementary school enrollment which began in 1968 were reversed in 1981. Declines in high school enrollment began in 1977 and are anticipated to continue until the late 1980s, when children of women born in the baby boom (from the late 1940s through the early 1960s) reach high school age.

Although the traditional 18-24 year old college-age population is projected to fall during the 1980s, the number of students in higher education institutions is expected to remain high. Enrollments will be affected by a larger proportion of women, minorities, and people in their late 20s and older attending

college. There has been a decline over time in the proportion of students transferring from California's community colleges to other colleges or universities after two years, and an increase in the proportion seeking vocational education. The renewed interest in vocational education is expected to attract individuals who previously would not have attended college. Finally, changing and increased job skill requirements in the labor market are encouraging higher education.

An expanding number of California residents over the age of 65 will increase demand for geriatric health and social services. The need for public services is also expected to be redistributed geographically as the growth rate of suburbs and smaller cities outpaces that of large cities.

Due to continued high foreign immigration, and the high fertility rates of some of these immigrants, the racial/ethnic composition of the State's population will continue to change in the coming decade. Also, as new immigrants become citizens of this country, they will strive to bring other family members to join them as they have done traditionally. Most of the immigrants are well educated and highly motivated. The Southeast Asian refugees, however, have an English language difficulty and are economically and educationally disadvantaged. Their need for social and educational assistance can therefore be expected to continue.



IV. INFLATION

The inflation situation was the one bright aspect in 1982's recession-plagued economy. The combination of slack demand and a monetary policy designed to curb inflation by limiting growth in the money supply created downward pressure on prices. The improvement—generally unexpected at the start of the year—was highly significant. In 1981, for example, the consumer price index (CPI), the most widely cited inflation measure, was up 10.4 percent. For all of 1982, the CPI rose a moderate 6.1 percent. By December, the index was actually declining, leading to speculation that long-term inflationary pressures had finally been subdued.

The California CPI, a population-weighted average of the individual Los Angeles, San Francisco, and San Diego indexes, performed even better. The index peaked in June, and declined from then to the end of the year. As of December, the California CPI was only 0.7 percent higher than the year-earlier level.

The annual changes, shown in Table IV-1, mask the progress against inflation which occurred during the year, particularly in the State. In December, for example, month-to-month declines were being recorded for food, homeownership, apparel and transportation indexes, with only small increases in most other components. (See Table IV-2 for monthly All Items index changes.)

Price trends were far from uniform throughout the year. Falling interest rates, easing in home costs and the year-end drop in fuel prices were responsible for much of the improvement. The recent oversupply of oil, and resultant price cutting, were largely responsible for reducing the rise in the overall energy price index to the lowest level since 1964. Even with this development, home fuel and utility costs were one of the fastest rising components, along with medical care. Neither of these was significantly impacted by the recession.

Credit for the improvement in inflation must also be attributed to restraint by both business and labor, who have demonstrated a greater awareness of the effect of rapidly escalating costs on jobs and sales volume.

Lower inflation had various impacts on the economy. In the first place, it led to a gain in real, or inflation adjusted incomes, effectively increasing the buying power of consumers. Second, it removed much of the inflation psychology in the country. Expectations of substantially higher prices in the future were one factor contributing to unsustainably strong levels of spending in the past. Third, the move toward more stable price relationships strengthened confidence in the prospect for renewed economic growth.

TABLE IV-1
Annual Percent Change in the Components of the Consumer Price Index, U.S. and California SMSAs, 1982

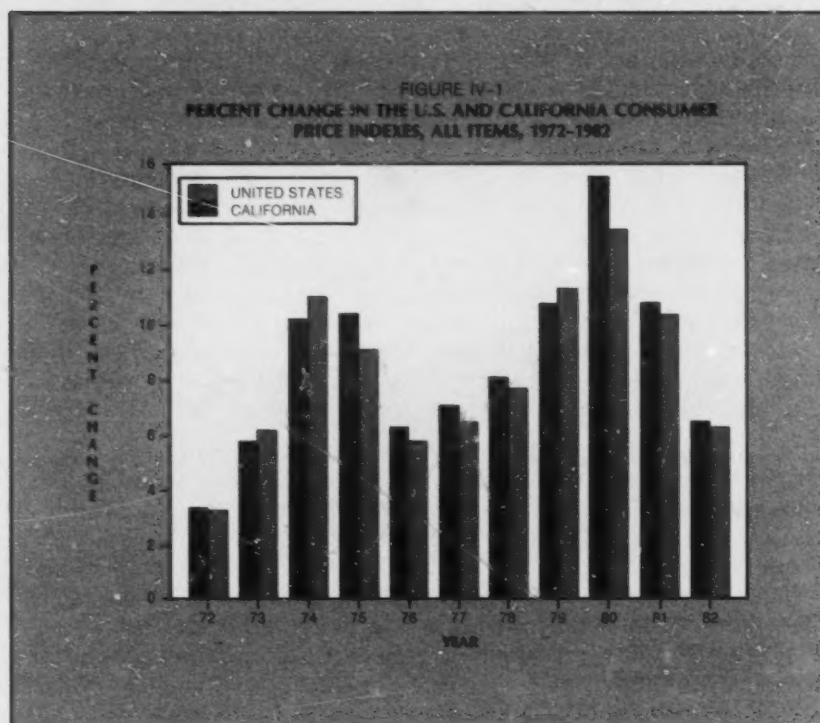
	U.S.	Los Angeles	San Francisco	San Diego
All items	6.1	6.0	7.5	6.8
Food and beverages	4.1	4.7	6.5	5.2
Housing	7.2	5.9	8.1	7.5
Shelter	7.1	5.4	7.5	7.3
Rent, Residential	7.6	9.7	9.6	8.3
Homeownership	6.8	4.2	6.9	7.2
Fuel and other utilities	9.9	15.7	18.1	16.7
Household furnishings and operation	5.4	2.9	5.2	3.7
Apparel and upkeep	2.6	-2.6	5.4	4.7
Transportation	4.1	6.8	5.7	4.6
Private	3.6	7.1	5.5	4.6
Gasoline	-5.2	-3.8	-3.9	-4.8
Public	10.9	1.6	7.9	5.5
Medical Care	11.6	14.8	11.4	12.2
Entertainment	6.5	4.8	6.6	6.4
Other goods and services	10.3	9.6	13.6	7.6

TABLE IV-2
Month-to-Month Percent Changes in the U.S. and California Consumer Price Indexes
(All Items), 1982

	U.S.	California*	Los Angeles SMSA	San Francisco SMSA*	San Diego SMSA*
January	0.4	—	1.2	—	0.6
February	0.3	1.0	-0.1	0.6	—
March	-0.1	—	0.4	—	-1.3
April	0.4	0.4	0.1	1.0	—
May	1.0	—	0.2	—	3.2
June	1.2	1.7	1.0	1.9	—
July	0.6	—	-0.3	—	1.7
August	0.2	-0.2	-0.1	-0.1	—
September	0.2	—	-0.3	—	-2.7
October	0.3	-0.4	0.5	-0.6	—
November	-0.2	—	-0.3	—	-1.2
December	-0.4	-1.8	-1.1	-2.8	—

* Percent changes during the two months between index releases.

These impacts are likely to continue in 1983, providing a more positive environment for the recovery. There is some concern that the recent rapid growth in the money supply will lead to a rekindling of inflation later this year. As long as considerable slack remains in the economy, however, it is probable that a significant price surge can be avoided.



The California experience during the past three years dramatically illustrated the shortcomings built into the CPI. Rising interest rates and home prices were in large part responsible for the high rate of inflation in both 1980 and 1981—a development evident from national indexes also. In 1981, for example, homeownership costs were up 11.1 percent in Los Angeles and 22.2 percent in the San Francisco-Oakland area. The calculation of the CPI gives increasing weight to components which experience higher than average price increases. As a result, housing costs were given an inordinately high weight in California.

There has been increasing concern that the resulting measure of inflation did not accurately reflect inflation pressures for the average individual who was not in the market for a new home. To the extent that contracts were negotiated on the basis of these data, however, there was a continued reinforcement of inflation.

On the other hand, the decline in the California CPI after June 1982 undoubtedly underestimated the impact of price changes on many families. Continuation of the recent downtrend for a

period of time would eventually bring the CPI back to a more reasonable level, from which realistic trends could be calculated. Such a development is unlikely to occur, however, given the introduction of a new CPI, officially introduced in January 1983.

The New CPI

The U.S. Bureau of Labor Statistics (BLS), recognizing the problems inherent in the CPI, had been experimenting with alternative indexes for some time. All of the experimental series replaced the traditional housing component, since the past treatment of housing did not accurately reflect changing financial market conditions. For example, the index reflected only long-term fixed rate mortgages. There was no way of calculating the index to include the growing usage of variable rates and other alternative mortgage financing. Financing offered by owners selling their homes was also not captured in the CPI. Another shortcoming resulted from the use of home prices as measured by the Federal Housing Administration. Such prices represented a comparatively small and select portion of the housing market.

The BLS replaced the homeownership component in the All Urban Consumer CPI with a rental equivalence measure in January 1983. (The conversion of the urban wage earners and clerical workers index will not go into effect until January 1985.) From January to June 1983 the BLS will continue to publish an official index which uses the past treatment of homeownership. Over time, further improvements are expected in the rental equivalence measure, including an eventual supplementation of the rent sample.

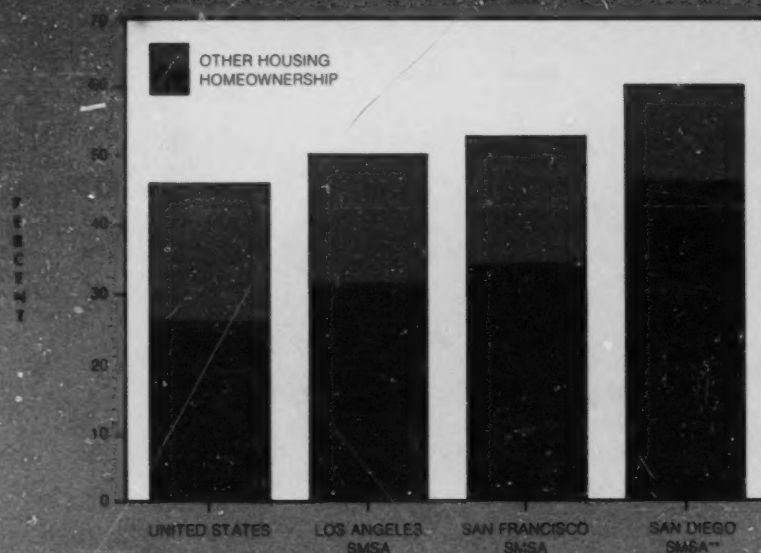
The new index will change the housing component from a service flow and asset investment measure, to a cost of shelter measure. Table IV-4 lists the specific differences between the current and revised treatment of the CPI homeownership component. Table IV-5 shows how the weighting of the index components changed.

Alternative Measures of Inflation

The consumer price index is not the only measure of price inflation. Implicit price deflators from the national income accounts are alternatives, and in many instances can provide more representative measures of inflation.

Deflators measure the change between current and constant (1972) dollar values within the GNP accounts, and thus provide an assessment of aggregate price change based upon actual economic transactions. Deflators are available for any GNP component. The major series include the overall GNP deflator, the personal consumption expenditures deflator, and the state and local government deflator (for public sector applications).

FIGURE IV-2
THE WEIGHTING OF HOUSING AND HOMEOWNERSHIP IN SELECTED
CONSUMER PRICE INDEXES, DECEMBER 1981¹



¹ Homeownership consists of home purchase, financing, taxes, insurance, and maintenance and repairs. Housing represents all housing-related expenses, including homeownership, rent costs, fuel and utilities, household furnishings and operation, and housekeeping supplies and services.
² November 1981.

TABLE IV-3
Relative Weights of CPI Components ¹
for the U.S. City Average and Los Angeles-Long Beach,
San Francisco-Oakland, and San Diego SMSAs,
December 1981

Expenditure Category	United States	Los Angeles	San Francisco	San Diego ²
All items ³	100.0	100.0	100.0	100.0
Food and beverage	17.5	15.9	14.7	12.6
Housing	46.0	49.9	52.6	60.3
Apparel and upkeep	4.6	4.2	4.2	3.3
Transportation	19.3	18.7	17.6	14.7
Medical care	4.9	4.8	4.5	3.9
Entertainment	3.6	3.5	3.7	2.8
Other goods and services	4.0	3.1	2.8	2.3

¹ All Urban Consumers CPI.

² The weights for San Diego are for November 1980.

³ The weight may not add to the all items total due to rounding.

TABLE IV-4
CPI Homeownership Component

	<i>Prior Treatment</i>	<i>Rental Equivalence</i>
1. Concept:	Purchase of asset	Purchase of shelter
2. Families covered:	Those families that purchased housing in the base period—for house price and mortgage interest only	All families who lived in owned homes during the base period; covers the entire stock of owned homes
3. Method of weight derivation:	a) For property taxes, property insurance, home maintenance and repairs: Expenditures of all homeowners in the base period b) For house price: Total price of house only for those who purchased in the base period c) For mortgage interest: Total amount of interest expected to be paid over half the stated life of the mortgage, only for those who purchased a house in the base period	Estimate of rental value of all owner-occupied houses in the base period; based on specific questions asked in Consumer Expenditure Survey
4. Prices used:	Current monthly prices for each element, including current price of house and current mortgage interest rate (Conventional, FHA and VA)	Current rent paid for homes similar to owner-occupied homes

Source: U.S. Bureau of Labor Statistics.

The personal consumption expenditures (PCE) deflator has been increasingly promoted as an alternative to the CPI. Since 1973 this measure has risen more slowly than the consumer price index. The major technical advantage of the PCE deflator is that it is based upon current transactions, and therefore reflects shifts in consumer spending patterns. The CPI, in contrast, is derived from monthly price surveys for a fixed market basket, with purchasing patterns based on the 1972-73 Consumer Expenditure Survey. A second major difference of the PCE—and all other deflators—is that they are national series, available only quarterly.

The following compares the annual percentage change in the U.S. CPI to that for the PCE deflator between 1978 and 1982:

	<i>U.S. CPI</i>	<i>PCE Deflator</i>
1978	7.7%	7.0%
1979	11.3	9.0
1980	13.5	10.3
1981	10.4	8.5
1982	0.1	5.9

TABLE IV-5
Relative Importance of Index Components,
New and Old CPI-U Series
December 1982

<i>Expenditure Category</i>	<i>Percent of All Items</i>	
	<i>New CPI-U</i>	<i>Old CPI-U</i>
All items	100.000	100.000
Food and beverages	20.069	17.418
Housing	37.721	45.948
Shelter	21.339	31.472
Renter's costs	6.932	n.a.
Rent, residential	6.029	5.232
Other renter's costs	0.904	0.784
Homeownership	14.407 ^a	25.455
Maintenance and repair ^b	0.526	3.570
Homeowners' costs	13.881	21.885 ^c
Homeowners equivalent rent	13.490	n.a.
Home purchase price	n.a.	9.914
Household insurance	0.391	n.a.
Finance insurance and taxes	n.a.	11.970
Fuel and other utilities	8.377	7.270
Household furnishings and operations	8.005	7.206
Apparel and upkeep	5.205	4.517
Transportation	21.791	18.917
Medical Care	5.995	5.203
Entertainment	4.206	3.651
Other goods and services	5.014	4.351

^a Homeowners' costs plus maintenance and repair.

^b Maintenance and repair was a subcategory of homeownership under the old series. In the new series it is treated as a separate subcategory of shelter.

^c Homeownership less maintenance and repair.

n.a. Not applicable.

Source: U.S. Bureau of Labor Statistics.

The Outlook

Inflation is expected to continue at a low rate in 1983 as the economy begins to recover from the recession. Falling interest rates, lower oil prices, and relatively moderate increases in most other components will preclude a renewed upsurge in the immediate future.

The U.S. CPI is forecast to increase by approximately 3 percent in 1983. The outlook for 1984 depends to a large extent on assumptions regarding monetary and fiscal policies, and the strength of the recovery. It now appears likely that the price rise next year will be between 5 and 5½ percent. The California CPI is expected to rise by about 1 percent this year and 5 percent in 1984. At these rates both the national and State CPI increases in 1983 would be lower than for any year since 1976.

These forecasts are based on the old CPI. It is anticipated that the new CPI will rise slightly faster, as the downward pressure currently being exerted by the traditional housing cost component is eliminated, and the more rapidly increasing rental factor is included.

V. INCOME

Current and Constant Dollar Personal Income

Personal income is the broadest dollar measure available on total economic activity in California. Nationally, personal income represents about 80 percent of the value of Gross National Product. There are no official gross product figures for individual states. Total personal income is therefore an important indicator of the overall size and growth of the State's economy.

During the past year personal income in California increased to an estimated \$310.6 billion, a rise of 7.7 percent. This was the slowest growth since 1971. Even so, the income gain last year was significantly better than the 6.4 percent rise for the Nation.

Economic conditions during the past year directly affected the rate of increase among the different types of income. Wage and salary income, which comprises about 60 percent of total personal income, was up only 6.7 percent reflecting declining employment. Farm proprietors' income, which was hard hit by high production costs and weak prices, decreased by 15.8 percent, following a 20.4 percent decline in 1981. Nonfarm proprietors' income was essentially unchanged.

Interest income rose by nearly 13.0 percent. This increase was down sharply from the 24.8 percent gain in 1981. Declining interest rates during the year were largely responsible for the unusually slow growth for this component. Transfer payments rose by 11.3 percent. Included in these payments are social security, unemployment insurance, and various income maintenance payments to individuals—including supplemental security income payments, aid to families with dependent children, and food stamps.

Real personal income (income adjusted for inflation by the U.S. personal consumption expenditures deflator) rose by 1.9 percent, compared to a gain of 2.8 percent in 1981. It should be noted that real income is a statistical measure used to separate real, as opposed to purely inflation-related, gains. The use of different inflation measures will lead to different conclusions on trends in real income. Furthermore, differences among individuals' circumstances and spending patterns can be large. Any real income measure should therefore be used only as a general indicator of economic progress.

Table V-1 summarizes the annual percent change in California personal income from 1960 to 1982 both in current and real dollars.

TABLE V-1
Annual Percent Change in California Personal Income, 1960-1982

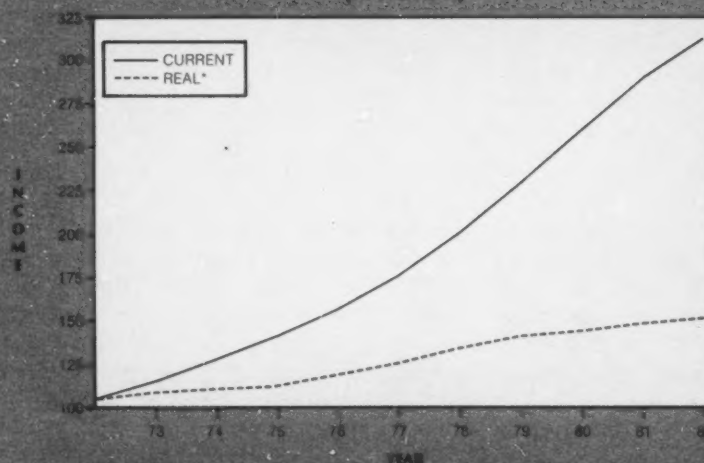
Year(s)	Total Personal Income	
	Current Dollars	Real Dollars*
1960-64 average	7.0	5.6
1965-69 average	8.6	5.0
1970-74 average	9.1	3.1
1975	10.1	2.2
1976	11.3	5.8
1977	12.0	5.9
1978	14.0	6.5
1979	14.2	4.8
1980	13.0	2.4
1981	11.6	2.8
1982	7.7	1.7

* Personal income deflated by the U.S. personal consumption expenditures deflator.

California Versus the Nation

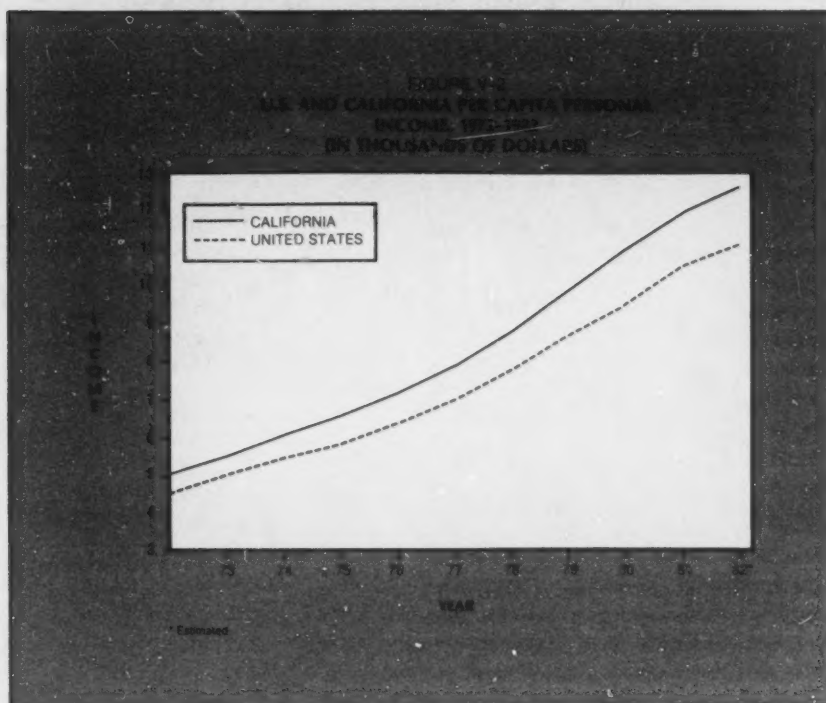
As already noted, growth in California personal income—at 7.7 percent—surpassed the 6.4 percent pace nationally during 1982. In eight of the past 10 years California has outperformed the rest of the country. Over the decade California income as a percent of the U.S. total has risen from 11 to 12 percent. Per

FIGURE V-1
CALIFORNIA PERSONAL INCOME, CURRENT AND
REAL DOLLARS, 1972-1982
(IN BILLIONS)



* YEAR DOLLAR PERSONAL INCOME DERIVED USING THE U.S. PERSONAL CONSUMPTION EXPENDITURES DEFLATOR

capita income in this State has consistently been above the national average. In 1982 it stood at an estimated \$12,572, or 14 percent higher than the national average of \$11,007. The level of per capita income, particularly given the rapid population growth in this State over past decades, attests to the relative strength of the California economy.



The Outlook

The 7.2 percent gain in total personal income forecast for 1983 will be substantially lower than the percent change in any year since 1971, with the one exception of 1982. However, given the low rate of inflation anticipated, the change represents a favorable growth pace. A full recovery by the end of 1983 will allow for a stronger increase during 1984.

Wage and salary income will be up by almost 8 percent this year. A 6 percent rise in the average wage, in combination with moderate employment gains, will account for the increase. Farm income is expected to show little change in 1983, due to only slight improvement in crop prices and further rises in operating expenses. Flood damages from heavy winter and spring rains have also eliminated any chance for a significant improvement in California agriculture this year. Nonfarm proprietors' income, in contrast, is expected to reflect continued improvement in the economy. Other labor income will be buoyed by slightly higher employer contributions to worker health and welfare plans.

Declining interest rates and reduced rates of saving have drastically lowered the outlook for interest income. The

significant share of personal income which is in the form of interest payments—roughly 15 percent—has served to dampen total income growth this year.

The increase in personal income nationally during 1983 is expected to be 6 percent, or about 1 percent less than the rate in California. The better performance in this State is expected to result from relatively stronger job growth as the recovery proceeds.

TABLE V-2
California Personal Income by Source, 1982-84

	1982 *	1983		1984	
	(billions)	(billions)	Percent Change	(billions)	Percent Change
Total Personal Income	\$310.6	\$333.0	7.2	\$363.4	9.1
Wages and salaries	192.1	207.0	7.8	228.0	10.1
Other labor income	17.3	19.0	9.3	21.0	10.6
Farm proprietors' income	1.8	1.8	-0.2	2.1	16.2
Nonfarm proprietors' income	11.7	13.3	13.6	14.8	11.0
Interest income	46.1	47.6	3.2	51.5	8.2
Dividends	7.3	7.9	9.0	8.6	9.2
Rental income	5.4	5.5	1.9	5.8	5.6
Transfer payments	42.7	45.8	7.5	48.6	6.0
Less: Contributions for social insurance	13.8	15.0	8.8	17.0	13.3
Residence adjustment	0.1	0.1	—	0.1	—

* Estimated.

Percent changes calculated on unrounded data.

VI. TRADE

Total Retail Sales

Retail sales in California increased only slightly during 1982. The total value of durable and nondurable goods amounted to \$128.2 billion, versus \$126.4 billion in the preceding year. The 1.4 percent increase last year was significantly below the rate of inflation, regardless of the inflation measure used. Sales alternately rose and fell throughout the year when compared to the same months in 1981. Retail activity from January through May increased, only to decline during the summer. November and December sales were up a combined 4.2 percent, reflecting improving economic conditions.

Information on retail sales is compiled by the U.S. Department of Commerce based upon a monthly sample of retail establishments. No detail is available for states on sales by type of business. Summaries are provided, however, for durable goods, nondurable goods, department stores, and general merchandise (GAF) ¹. Nondurable goods sales in California comprise 65 to 70 percent of total retail sales, roughly the same share as for the U.S. (Department store and GAF business trade reflect both durable and nondurable items, and these categories are included in the two subtotals.)

During recessions, durable goods sales are more negatively impacted than nondurable goods sales, since the former more commonly represent discretionary purchases. During 1982 durable goods sales fell by 4.8 percent while nondurable goods sales rose 4.6 percent. Sales in GAF and department stores were up 1.1 and 0.1 percent, respectively.

Taxable Sales

More detailed information on trade in California is available from the State Board of Equalization. The Board records all transactions subject to the sales and or use tax. While some businesses prepare tax returns annually or quarterly, the vast majority pay taxes to the Board monthly based upon their estimated quarterly sales. No monthly sales information is available. The Board prints details on the number of trade outlets and their taxable sales by city and county each quarter and summarizes such data on a calendar year basis.

The Equalization sales data differ from the Commerce data in two major respects. First, data are collected only on sales subject to the sales and use tax. Food consumed at home, and gas, electricity and water represent the largest sales categories excluded. Secondly, the Commerce Department samples only

¹ GAF (general merchandise, apparel, furniture and furnishings, and miscellaneous) represents establishments which specialize in department store types of merchandise.

retail trade businesses while the Board of Equalization records all taxable transactions whether by retail stores, service shops, or nonretail sales outlets. According to the Board, taxable sales of retail stores represent about 65 percent of all transactions subject to the sales or use tax.

During the first quarter of 1982 total taxable sales increased 2.1 percent from the same quarter in 1981. Sales performance turned negative during the second and third quarters, the first such development since 1970. The second quarter was down 1.9 percent; the third by 2.7 percent. The fourth quarter registered moderate growth, up 1.2 percent. Overall, taxable sales were down 0.4 percent during 1982, the first annual decline since 1958. Retailers of both durable and nondurable goods experienced declines. Slow sales of new motor vehicles and building materials accounted for most of the weakness in the durable goods sector. Nondurable sales were reduced largely by reductions in the price of gasoline.

Taxable sales of new car dealers were off 4.0 percent, but the 851,800 new vehicles registered during the period represented a drop of 7.4 percent. Taxable transactions of service stations fell by 14.6 percent. Consumption of gasoline was curtailed 2.2 percent while the price was cut by more than 13 cents a gallon during the period. One bright spot in the automotive group was automotive parts and supply stores which increased their sales by 8.8 percent.

Taxable business of building material stores and dealers dropped 6.8 percent; for construction contractors the decline was 13.2 percent. In 1982 only 84,018 authorizations were issued for new residential housing units, compared to 104,873 during 1981, a decrease of 19.9 percent.

Two types of business have managed to increase their taxable sales volume significantly throughout the recession. The first is supermarkets licensed to handle all types of alcoholic beverages (up 11.3 percent). Over many years this type of store has been taking on broader lines of taxable merchandise. Several supermarket chains have recently opened discount liquor stores. The sales gains achieved by the supermarket group may have been, in part, at the expense of packaged liquor stores which registered a decrease of 3.7 percent. The second business type consistently posting sales increases is specialty stores. The taxable volume for such stores was up 9.1 percent.

The general economic upswing in 1983 and 1984 should boost sales substantially. Taxable sales in 1983 are forecast at \$168.1 billion, an increase of 8.9 percent, or 3.5 percent in real terms. Comparatively moderate growth is expected for most areas of consumption, with auto sales showing the fastest rebound.

With the recovery well underway by 1984, taxable sales are expected to surge in those areas hardest hit by the recession—auto, building, and furniture sales—due to the backlogged demand that built up over the prior few years. In total, sales are forecast up 13.6 percent (7.8 percent in real terms).

VII. CONSTRUCTION

The California construction sector was battered by high interest rates and the recession in 1982. The \$14.9 billion in new building authorized by permits was \$1.6 billion below the 1981 level. The number of new residential units authorized dropped by 19.9 percent. Nonresidential permits declined in value by 2.3 percent compared to the year earlier. Construction industry employment last year averaged 372,500, down 55,000 jobs from the 1981 average.

Residential Building

During 1982 the number of new residential units authorized declined for the fifth year in a row. The 84,018 unit level represented the lowest total on record back to 1954. For comparison, an average of almost 200,000 housing units were built annually during the last two decades.

Just under 50,000 single family homes and approximately 34,000 multiple units were authorized last year. Overall, this represented a 69 percent decline in activity from 1977, the latest peak year for the industry. Multiple family units represented about 60 percent of total residential permits in 1982, roughly the same share held each year since 1978. The slowdown in the construction of rental housing has an important—and often overlooked—impact on this State.

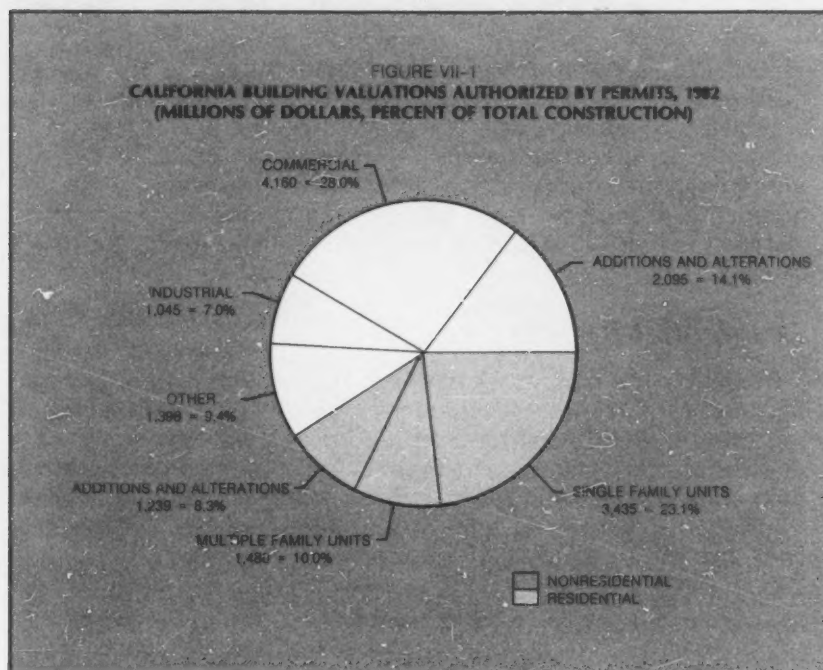
Almost half of the State's households rent (3,920,000, or 44%). A majority of these are lower-income households, 70 percent of which spend more than 25 percent of their income for rent. A

TABLE VII-1
New Residential Construction in California,
1980-1982

<i>Number of Permits Authorized</i>	<i>1980</i>	<i>1981</i>	<i>1982</i>
Total Units.....	144,987	104,873	84,018
Single dwelling units.....	86,632	59,973	49,700
Multiple dwelling units.....	58,355	44,900	34,318
<i>Value of Permits Authorized (in millions)</i>			
Total units.....	\$9,097.8	\$7,520.1	\$6,154.3
Single dwelling units.....	5,330.2	4,131.9	3,435.0
Multiple dwelling units.....	2,533.1	2,153.2	1,480.1
Alterations and additions.....	1,234.5	1,235.0	1,239.2

Note: Parts may not add to totals due to rounding.
Source: Security Pacific National Bank.

third of all renter households pay more than 35 percent of their income for rent. There is also a wide gap between existing rents and what lower-income households can afford. In 1978, there were almost twice as many low-income households which could afford to pay up to \$150 per month in rent as there were units available at this rate.



Along with a slowdown in new construction, the supply of rental housing has been affected by a growing number of rental unit conversions to condominiums or stock cooperatives. The conversion process reduces the existing rental housing stock, and often displaces low and moderate-income tenants who cannot afford to purchase their units. Those displaced are forced to find housing in an already highly competitive rental market.

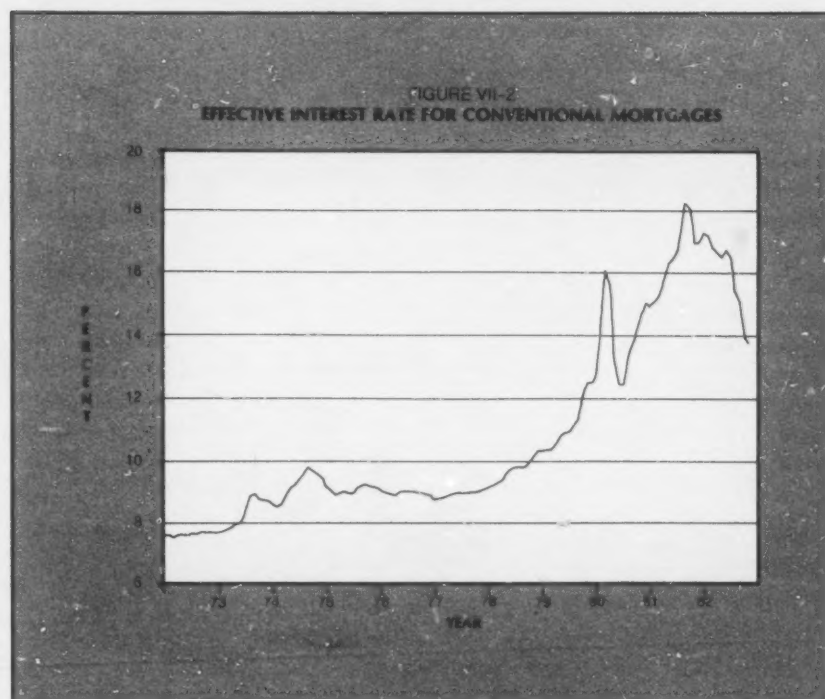
Although the total number of residential units authorized in 1982 was down 19.9 percent from 1981, 13 of California's 58 counties posted an increase. While most of those counties were rural and accounted for an extremely small share of total State housing, the group did include Sacramento, San Joaquin, and Kern. The following shows the number of new residential units in 1982, and the percent change from 1981, for the 11 counties which accounted for 69 percent of all residential activity.

The strength of new residential building in each area was influenced by the area's particular combination of home prices, vacancy rates, population increase, and local economic growth in the face of recession.

County	Total New Units in 1982	Percent Change Over 1981
Los Angeles	13,763	-37.0
San Diego	7,691	-13.3
San Bernardino	6,129	-10.9
Orange	5,269	-44.0
Riverside	4,664	-25.4
Kern	4,434	76.4
Sacramento	3,982	5.9
Alameda	3,714	-4.4
Santa Clara	2,942	-16.9
Contra Costa	2,788	-10.3
San Joaquin	2,402	12.9

Financial Conditions Affecting Construction

During the past three years housing was the primary casualty of high interest rates. Mortgage rates for new home purchases averaged about 16 percent throughout 1982. Financing the purchase of a \$100,000 home with an \$80,000, 30 year fixed loan, at a 16 percent mortgage rate, would cost almost \$1,100 per month in principal and interest alone. By the end of 1982 the conventional mortgage rate had fallen to about 13.5 percent and the FHA rate to 12 percent, sparking a fourth quarter rise in new construction. Aiding new home sales throughout the year was the continued use of alternative financing plans, including graduated payment mortgages and variable rate mortgages.



Existing home sales were facilitated by assumptions and seller assisted financing. A majority of all sales of existing single family homes involved these financing methods at the end of 1982.

Savings and loan associations (S&Ls), traditionally the major source of mortgage money, experienced a \$5.8 billion net outflow of funds in 1981. During the past year, however, new savings exceeded withdrawals by \$1.2 billion. The introduction of money market deposit accounts (MMDAs) at the end of 1982 was primarily responsible for the \$3.7 billion inflow in December that shattered previous savings records. The Federal Home Loan Bank of San Francisco forecasts that new savings in 1983 will greatly surpass the \$7.6 billion record inflow in 1976, mainly as a result of the MMDAs.

While the issuance of higher interest accounts last year stimulated savings, they also kept the cost of funds relatively high. The following table shows the national average cost of funds to FSLIC * insured savings and loan associations compared to the average mortgage rate on previously occupied homes:

Index Month	Mortgage Rate	Cost of Funds
	(Percent)	
June 1980.....	12.88	9.41
December 1980.....	13.15	8.84
June 1981.....	14.40	10.79
December 1981.....	15.53	11.58
June 1982.....	15.01	11.38
December 1982.....	13.74	10.43

* Federal Savings and Loan Insurance Corporation.

Funds for new housing were limited during 1982 as many lenders built up liquidity by increasing their investments in Treasury bills and other debt instruments. The providing of new second mortgages and the refinancing of existing seconds also affected the amount of money available for new home purchases.

As a result of deregulation of the thrift industry, commercial banks and savings and loan associations will have their importance in the home financing market reduced. By 1990 the secondary mortgage market is expected to account for \$200-300 billion nationwide, or half of all mortgage funds outstanding. This would be a sevenfold increase in volume from 1981. One of the ways in which secondary mortgage funds are now being made available is through the sale of mortgage-backed government bonds. In 1982, over \$2.9 billion of such bonds were issued in California by State and local agencies, providing mortgage money for the sale of an estimated 43,000 housing units. Three-quarters of these bond funds, or over \$2.1 billion, were raised to provide mortgages for homeownership. The remainder was raised to provide mortgages for rental housing.

In 1983 the value of bonds for owner-occupied housing can be expected to drop to approximately \$1.5 to \$1.7 billion because of a Federal law that restricts the annual volume of such bonds

that can be issued within each state. This Federal law also terminates the income tax exemption for any homeownership mortgage bonds issued after 1983. Thus, this method of tapping the capital markets for mortgage funds will end unless new legislation is passed.

Financial capital is not only essential for home purchase, but for infrastructure development in areas needing additional housing. As funding for Federal and State public works programs declines, local governments become more dependent on their own resources to facilitate housing production. Since the passage of Propositions 13 and 4, California cities and counties have been limited in their ability to raise capital to construct sewers, water lines, schools, roads, and other facilities. The reaction of local governments to this situation has been to require developers to pay for all infrastructure, or to restrict housing growth to a level which a locality's fiscal resources can support. These actions serve to increase the cost of housing and to limit the construction of new units.

As a partial result of the mismatch between infrastructure and housing, workers will continue to have difficulty finding affordable homes near their jobs. This situation could inhibit growth in the major urban centers. Some employers have already found that the high cost of housing complicates recruiting. Long commutes from suburban areas also affect air quality and overload transportation facilities in the urban areas. These aspects are discussed in *The California Statewide Housing Plan*, prepared by the California Department of Housing and Community Development.

Home Prices

Between the 1970 and 1980 censuses California's population grew by 3.6 million people. During the current decade, an increase of four million persons is projected. If such net additions to the population are solely the result of natural increase there will be little immediate pressure on housing. However, about half of the population change is now resulting from net in-migration, and many of these new residents are in the prime homebuying ages of 20-39 years. The need for additional units is also the result of a trend towards fewer persons per household.

Prior to the mid-1970s home prices in California and the U.S. were relatively close. Towards the end of the decade, however, prices in this State moved far ahead. Rising demand, an inadequate amount of new construction, and some speculation in anticipation of quick resale profits were the major causes of the change. During 1981 and 1982 price gains slowed significantly and some declines occurred as a result of the recession and a falling rate of inflation. Nevertheless, the median price of a single family home in California is now almost \$110,000, and in parts of Southern California and the San Francisco Bay area median home prices range between \$120,000 and \$140,000. The median price nationally is about \$68,000. In

December 1982 the California Association of Realtors forecast that the 1983 median price of an existing single-family home in California will reach \$115,000, compared to \$72,000 in the U.S.

Tables VII-2 and VII-3 illustrate regional price trends and the distribution of existing home sales statewide.

TABLE VII-2
Regional Price Trends, Fourth Quarters of 1981 and 1982

Region	Median Existing Home Sales Price		Percent Change
	1981:4	1982:4	
Los Angeles Area.....	107,330	110,400	2.9
San Francisco Bay Area.....	126,060	126,640	0.5
San Diego.....	96,960	100,310	3.7
Orange County.....	128,070	131,060	2.3
Central Valley.....	73,250	72,870	-0.5
Monterey.....	113,470	116,660	5.5
Northern Wine Country.....	90,560	89,000	-1.7
Northern California.....	65,300	58,330	-10.7
Riverside/San Bernardino.....	81,540	80,950	-0.7
Ventura Area.....	139,330	127,930	-8.2
Santa Barbara Area.....	122,070	132,110	8.2

Source: California Association of Realtors

TABLE VII-3
Distribution of Existing Home Sales, December, 1982

Price Bracket	Percent of Total
\$19,999 or under.....	0.5
\$20,000- \$29,999.....	0.5
\$30,000- \$39,999.....	1.1
\$40,000- \$49,999.....	2.2
\$50,000- \$59,999.....	4.3
\$60,000- \$69,999.....	6.2
\$70,000- \$79,999.....	8.1
\$80,000- \$89,999.....	11.9
\$90,000- \$99,999.....	9.6
\$100,000-\$119,999.....	15.3
\$120,000-\$139,999.....	11.9
\$140,000-\$159,999.....	8.5
\$160,000-\$179,999.....	5.8
\$180,000-\$199,999.....	3.7
\$200,000-\$249,999.....	4.6
\$250,000 and over.....	5.8
Total.....	100.0

Source: California Association of Realtors

Manufactured Housing as an Alternative

Manufactured housing, and the physical and political environment in which it exists, has changed dramatically over the last decade. Rather than resembling trailers, such housing is now often nearly indistinguishable from conventionally-built housing. The increase in the popularity of manufactured housing is not due solely to its physical appearance, however. Such housing is also being recognized as an affordable alternative. In addition, modular housing components and assembly line technology are only two examples of manufacturing methods which can contribute to reducing the cost of even site-built housing.

The State now treats mobilehomes as housing for tax purposes, rather than as vehicles. Prior to the change, some local governments discouraged such housing because they added to infrastructure and service costs, but paid no property taxes. Legislation was also passed to make it more difficult for communities to prevent mobilehome developments. Providing an atmosphere where manufactured homes can compete with conventionally built dwellings, with as few regulatory barriers as possible, is essential if manufactured homes are to compete with site-built dwellings.

Special Housing Problems in Rural Areas

People who live in rural areas constitute a special population by virtue of their geographic isolation from many of the builders and institutions involved in housing. Many housing problems are also proportionately more acute in rural as opposed to urban California, since poverty-level incomes are more prevalent in rural areas.

Substandard housing and a lack of new construction have added to the erosion of the economic base in the rural and remote areas of this State. The difficulty such residents face in finding affordable and decent housing also presents an obstacle to new business formation. Without an adequate supply of affordable housing, industry will be further dissuaded from locating and/or expanding in such areas of the State.

Many rural communities which do not have the tax base or financial resources to supply water and sewer systems and other public works are experiencing population increases. Available Federal and State loans or grants for water and sewer projects require local matching funds. In addition, loans from the Farmers Home Administration (FmHA) for rural water and sewer projects carry a 5 percent interest rate which is expected to be increased to 11 percent by proposed regulations. The higher interest rates, in combination with the matching requirement, will make it difficult for the typical rural community in California to finance the infrastructure needed to accommodate new growth.

The FmHA Rural Rental Assistance Program has seen a drastic reduction in funds during the past two years. The operating

subsidies provided by this program are important for the success of newly constructed rental housing in rural areas. Since 1980, this program has been reduced in funding from \$402 million to \$124 million. No additional money for new low income projects has been proposed for fiscal year 1984. Commitments for rental assistance through the FmHA 515 rental housing construction program have been a critical factor in the development of needed new rental housing projects.

The Housing Outlook

Four interrelated factors will greatly affect the outlook for housing construction. They are inflation, credit demand, the supply of money, and the level of consumer confidence as recovery proceeds. Inflation is forecast to remain at a low rate throughout most of 1983, and increase by approximately 5 percent in 1984. Monetary policy has already been eased significantly. These two developments will support increased housing production. The effective credit demand outlook is more uncertain, and will be influenced by Treasury borrowings and the strength of the recovery. Ironically, a strong economic recovery in the first half of 1983, and the corresponding growth in consumer and business credit demands, could raise interest rates and stunt the recovery later in the year given the large Treasury borrowing anticipated.

By the end of 1982, housing units authorized by permits had exceeded a 120,000 unit rate, primarily due to a drop in mortgage interest rates to 13½ to 14 percent. Gradual improvement in rates is expected during the current year, moving down into the 12 to 13 percent range. The improvement in permits will not be as steady, however, due to the imposition of new energy standards effective July 1, 1983. Housing authorizations in the second quarter are expected to swell as builders file early to avoid the requirements; third quarter authorizations will be down due to the earlier accelerated filings.

The Department of Finance forecasts that 135,000 housing units will be authorized by permits in 1983 and 165,000 units in 1984. Although these levels are significantly above the 84,000 unit pace in 1982, they are not high enough to prevent the current shortfall between supply and demand from worsening.

Nonresidential Investment

The slowing pace of nonresidential construction in California during 1982 was not unexpected given economic conditions and the growth in preceding years.

The value of new industrial construction dropped by 29.6 percent due to weak consumer demand and the low utilization rate for many existing facilities. During the second half of 1982 the capacity utilization rate in manufacturing nationwide was between 65 and 70 percent. In comparison, the rate during strong growth years has averaged about 85 percent.

Almost 60 percent of the commercial category represented office, bank and professional construction. During 1982 such

construction declined by 11.9 percent due primarily to the surge of office building over the past few years and the present over-supply of space. Office vacancy rate trends illustrate the extent to which excess space has accumulated:

Available and Vacant Space as a Percent of Total Office Space				
	(Fourth Quarter Rate)			
	1979	1980	1981	1982
United States Average*	3.6	4.1	4.8	10.3
Los Angeles	0.3	0.2	0.8	9.5
Sacramento	2.4	1.1	9.1	18.3
San Diego	5.0	3.7	3.7	27.3
San Francisco	0.4	0.1	0.4	5.7

Source: Coldwell Banker
* Based upon 24 areas surveyed nationwide.

	Los Angeles
Years of supply*	3.7
Planned space increase*	22.6%
Vacancy rate	10.1%
Rent per sq. foot*	\$30.00

* Estimate based upon space available in existing and under construction buildings, using projected absorption rates.
* Office construction underway as a percentage of existing space.
* Average yearly rent for existing prime office space.
Source: *Business Week*, October 1982.

Statewide hotel, motel and cabin construction reached \$670 million in 1982, up almost 200 percent from 1981. The building of lodging facilities in the Los Angeles area in anticipation of the 1984 Olympics was a major stimulus.

TABLE VII-4
New Nonresidential Construction in California, 1980 to 1982
(In millions)

	1980	1981	1982
Total Nonresidential	\$7,470.1	\$8,905.8	\$8,698.4
Commercial	3,274.1	4,034.3	4,159.9
Office, bank and professional	2,001.9	2,802.0	2,467.6
Stores and mercantile	891.6	729.8	670.4
Hotels, motels and cabins	112.1	224.2	662.8
Parking garages	140.1	139.8	217.7
Amusement and recreation	103.1	111.6	118.2
Service stations and repair garages	25.3	26.8	23.2
Industrial	1,276.7	1,484.0	1,045.0
Other Nonresidential	1,202.9	1,308.2	1,398.1
Public works and utilities	69.8	82.2	192.1
Hospital and other institutional	132.8	154.9	111.3
Schools and educational	74.8	49.9	109.1
Churches and other religious	87.0	81.2	93.7
Residential garages	94.2	88.6	83.3
Relocated residential	22.3	21.8	0
Miscellaneous	721.8	829.6	808.6
Additions and Alterations	1,716.4	2,079.3	2,095.3

Note: Parts may not add to totals due to rounding.
Source: Security Pacific National Bank

State Transportation Spending

Recently enacted State and Federal tax increases¹ on gasoline and diesel fuel will allow for additional highway construction and rehabilitation in California during 1983 and future years. State fuel tax collections are projected to grow by \$200 million to \$1,130 million, an 18 percent increase, in the 1983-84 fiscal year. One-half of the collections will go into the State Highway Account, the other half will be distributed to cities and counties.

The Federal tax hike will increase apportionments to California from the Federal Highway Trust Fund by \$375 million. State funds for highways will increase by \$275 million, or 35 percent, to \$1,053 million. Local agencies will receive \$110 million for transit, but the gain is offset by a reduction in apportionments from other Federal funds.

Table VII-5 shows actual and estimated capital outlay for transportation over the period from 1979-1984.

TABLE VII-5
Capital Outlay For Transportation

	Number of jobs awarded	Total value of awards (million \$)	Average no. of bidders	Highway Construction Cost Index (percent change)
1979	590	\$360	4	28
1980	700	460	6	5
1981	750	260	6	14
1982	740	390	7	-12 ¹
1983	—	500 (est)	—	—
1984	—	600 (est)	—	—

¹ The 12 percent decline in the Highway Construction Cost Index in 1982 was due primarily to the limited activity in other construction sectors. Bidding was highly competitive, and as a result costs to the State were reduced. The average breakdown of costs was as follows: 20% labor, 20% equipment, 20% concrete products, 15% asphalt products, 25% other materials and supplies.
Source: California Department of Transportation.

Highway construction and improvement projects in the 1982 State Transportation and Improvement Plan (STIP) are being completed sooner than anticipated due to the increase in Federal apportionments this year. By the fall of 1983, \$225 million in additional projects will be ready for bidding and contract awards. These additional projects bring the total value of contracts to be awarded in 1983 to \$500 million. Construction will begin as soon as each contract is awarded, weather permitting. In some cases this could be as late as Spring 1984.

The additional projects will be distributed throughout the State on the basis of population densities. About \$180 million (78 percent) will be spent on the rehabilitation and reconstruction of bridges, interstate freeways, and primary routes. Nearly two-thirds of this money will be spent on the Interstate system.

¹ The State excise tax rose 2 cents per gallon on January 1, 1983, while the Federal excise tax was increased 5 cents per gallon on April 1, 1983.

VIII. FINANCE

Although the banks in California performed fairly well and experienced moderate asset growth during 1982, a number of negative signs began to emerge during the year. High interest rates and recessionary conditions resulted in a rising proportion of problem loans, leading to difficulties for some financial institutions. In some instances, the percentage of nonperforming assets rose to historically high levels. Concurrently, a number of foreign credit problems began to emerge. There is concern that foreign creditors could impact on industry performance during 1983.

Perhaps the most important development was the progress of deregulation, authorized by the Financial Institutions Deregulation and Monetary Control Act of 1980. The introduction of money market rate accounts in mid-December led to large inflows of funds to both banks and savings and loan associations in the State. In January 1983 the Super-NOWs became available. These accounts have effectively given individuals interest rates determined by market forces—a sharp contrast to the artificially low rates on passbook accounts which have been maintained for decades under Regulation Q. The complete elimination of Regulation Q will occur by 1986.

The benefits of these moves are expected to be significant. Industry analysts anticipate that the rate of capital accumulation in the United States will accelerate—a necessary condition to support the increased investment needed in both the industrial and housing sectors. A second benefit will be less volatility in interest rates and in the availability of funds. The inability of banks and S&Ls to compete with a broad range of alternative debt instruments when interest rates rose sharply has led to severe problems of disintermediation in the past, as the institutions experienced massive deposit outflows. The consumer will gain from the increased competition for deposits. Finally, the industry is expected to become more efficient, and to offer improved services.

Savings and loan associations, which suffered from a large outflow of savings most of last year, saw a dramatic turnaround in December when the money market accounts were available. The net inflow that month amounted to \$3.7 billion. In January 1983 the inflow surged to \$5.9 billion. This development will greatly strengthen the S&Ls, which had withstood two years of adverse conditions. The associations were particularly affected by their inability to turn over low yield investments which were depressing earnings.

The industry has been experiencing gradual deregulation for the past few years. S&Ls have been given an expanded real estate investment authority, commercial and consumer lending powers, equipment leasing authority, and checking account powers. Deregulation is expected to change the entire structure of the savings and loan industry over time, and may affect the amount of funds flowing into home financing. Nevertheless, current tax laws insure that the primary investment of associations will continue to be real estate loans.

Ownership and regulation of associations is also taking new forms. In recent years the industry in California has seen the entry of Citicorp and other banking institutions, thrifts and loans, large finance companies such as Household Finance, and various mortgage bankers. Many of these interests have come into the State as the result of federally approved mergers with ailing institutions. Interstate branching for banks is still prohibited by most states, a situation which has effectively insulated many institutions from competition. The deregulation process is expected to address this issue in future years as major regional banks seek to extend their operating area.

Another highly significant factor for institutions last year was related to the assumption of mortgage loans. The Wellenkamp Decision of 1978 provided that mortgages were assumable at contract rates in effect at the time the mortgage was originally taken out. Banks and S&Ls, faced with a high cost of funds, sought to enforce "Due on Sale" clauses, which would have led to a low yield mortgage being reissued at the prevailing rate. The Federal Garn/St. Germain Bill, enacted last year, preempted state laws in this area, permitting institutions to require a new mortgage at the time of sale.

Initially it appeared that the Wellenkamp Decision would apply only to state chartered institutions. During a period of several months, there was a significant switch from State to Federal charters to take advantage of the Due on Sale clause. Subsequently, Garn/St. Germain was applied to the entire industry, which halted the move toward Federal charters. At the end of 1982, some 80 percent of the financial industry in California was federally chartered.

Deregulation is expected to expand the role of the banks and S&Ls in other areas as time goes on. For instance, institutions have been able to underwrite and deal in state and municipal general obligation bonds since 1933. Only this year, however, have they been free to offer brokerage services to their customers. They are still precluded from underwriting municipal industrial revenue bonds, which have become a much more important source of financing over the years.

On balance, the financial sector appears to have turned the corner. The general economic recovery, lower interest rates, and better deposit inflows should provide an environment for further growth in both 1983 and 1984.

IX. RESOURCES

Agriculture

For the 35th consecutive year, California's gross farm receipts were the highest in the Nation. An estimated \$13.9 billion was paid to the State's farmers and ranchers in 1982 for 51.7 million tons of farm products—a remarkable renewable resource achievement by a sector that, together with forestry and fishing, employs only 4 percent of the work force.

Data gathered by the California Crop and Livestock Reporting Service show that production was down 3 percent from 1981, but gross receipts were up 1 percent. Increased receipts for fruits, nuts, and vegetables more than offset declines for field crops while total receipts for livestock and livestock products were near last year's level. In spite of lower prices for many farm commodities in 1982, net farm income is expected to show little change since many producers reduced major expenditures, particularly for new equipment. Fuel costs also moderated and interest rates declined late in the year. Figure IX-1 illustrates the share and value held by each source of farm receipts during 1981, the latest year available.

Record harvests were recorded in 1982 for corn (both grain and silage), grapes, olives, pistachios, kiwifruit, walnuts, broccoli, summer onions, and strawberries. Milk production (California's leading agricultural product) reached a new record of 14.6 billion pounds, an achievement made possible in part by increasing production per cow to a new high.

Lower prices and decreased production characterized the field crops sector in 1982. Total tonnage was down 11 percent from 1981. The value of cotton lint, the leading field crop, fell to \$913 million, below the \$1 billion level for the first time since 1978. Reductions in exports were a factor in the decline in value of wheat, rice, and cotton.

California continued to lead the Nation with 13.5 million tons of vegetables produced on 936,000 acres. In 1981, over half of the Nation's principal fresh market vegetable crops (52.1%) and the seven processing crops (53.5%) were produced in California. At 8.1 million tons, canning tomato production was up 25 percent from 1981 despite losses from unseasonably heavy rains in September. Acreage increases were also recorded for broccoli, cantaloupe, cauliflower, honeydews, and summer onions.

Fruit and nut crop production totaled 11.5 million tons, up 4.4 percent from the 1981 harvest. A record grape crop accounted for much of the increased tonnage even though raisins and wine grapes were damaged by the September rains. Sales of the table varieties set a new record with a nearly 50 percent increase in

volume marketed compared to 1981. A combination of interest in the new Flame Seedless variety, market promotion, new snack packaging for schools, and good quality throughout the lengthened season helped California's fresh table grapes to compete well with other fresh fruits. Increased exports of the table varieties were another factor in the expanded market for grapes. Although the tonnage of nuts was 4 percent less than 1981, the value climbed 10 percent.

For specialty crops such as almonds, walnuts, pistachios, raisins, kiwifruit, olives, prunes, dates, and figs, California is the sole U.S. supplier. With over 250 crop and livestock commodities being commercially produced, this State's agricultural strength is in its diversity with no one crop dominating the farm economy. Table IX-1 shows the leading agricultural products in 1981.

California generates roughly 10 percent of all cash farm receipts in the Nation, but contains only 3 percent of the Nation's farms. About one-third of the 100 million acres of land in the State is in farms and ranches, but the bulk of the production takes place on the nearly 9 million irrigated acres.

California contains seven of the 10 leading agricultural counties in the United States. The top county, Fresno, recorded \$1.9 billion in cash farm receipts during 1981. When compared to other countries of the world, using indexes of production estimated by the U.S. Department of Agriculture, California would be the 10th largest agricultural producer worldwide, ranking behind the USA, USSR, India, France, Japan, Italy, W. Germany, Brazil and Poland. (The Peoples' Republic of China is not ranked due to the lack of data.)

The export market has become a major factor for California agriculture. About one-fourth of the total value of California's

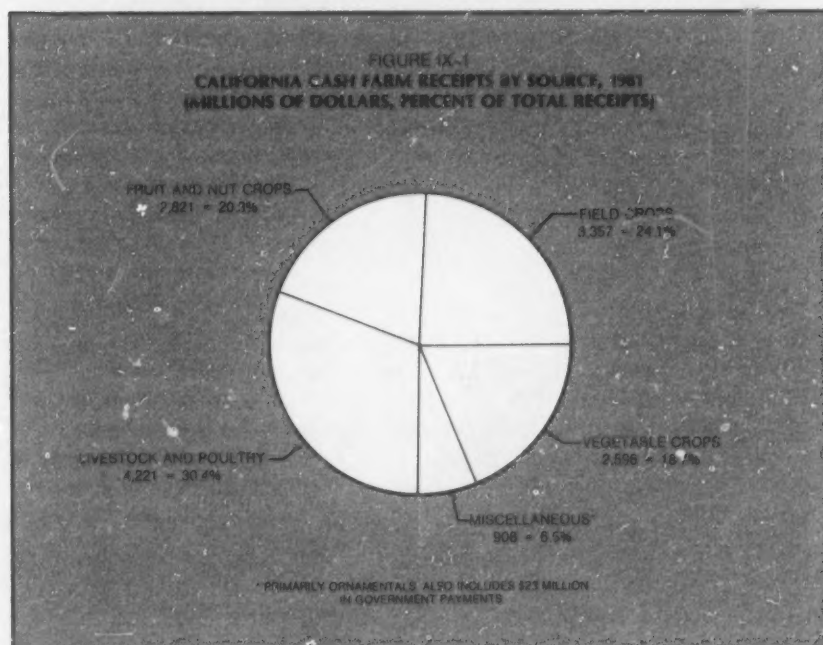


TABLE IX-1
Leading California Agricultural Products, 1980 and 1981

Farm Product	Commodity Ranking		Value ¹ (In thousands)		Percentage of State Total	
	1980	1981	1980	1981	1980	1981
Milk and Cream	1	1	\$1,770,324	\$1,945,623	12.6	14.1
Cattle and Calves	2	2	1,388,200	1,269,611	9.7	9.2
Cotton	3	3	1,342,687	1,206,544	9.5	8.7
Grapes	4	4	1,231,102	1,118,881	8.7	8.1
Hay	5	5	734,920	584,900	5.2	4.2
Nursery Products	7	6	498,005	498,795	3.5	3.6
Wheat, All	12	7	364,941	439,568	2.6	3.2
Lettuce	10	8	386,096	438,596	2.7	3.2
Flowers and Foliage	9	9	395,907	429,975	2.8	3.1
Rice	6	10	513,043	419,047	3.6	3.0
Chicken Eggs	11	11	370,165	398,300	2.6	2.9
Sugar Beets	14	12	301,312	359,424	2.1	2.6
Tomatoes, Processing	13	13	330,785	303,508	2.3	2.2
Almonds	8	14	473,340	291,100	3.4	2.1
Oranges	16	15	228,618	285,388	1.6	2.1
Chickens	15	16	229,092	267,038	1.6	1.9
Walnuts	18	17	184,392	228,712	1.3	1.7
Strawberries	17	18	203,812	223,557	1.4	1.6
Potatoes	21	19	168,901	216,353	1.2	1.6
Turkeys	19	20	178,760	182,067	1.3	1.3

¹ Based on value of quantity harvested for crops and on value of quantity marketed for livestock and poultry products.
Source: California Crop and Livestock Reporting Service.

agricultural income is from overseas sales; one of every three acres is support by international trade. Agricultural exports are also an important source of employment in a variety of sectors involved in the processing, handling, transportation, servicing, and financing of farm products.

The value of California's agricultural exports totaled \$4.2 billion in 1981, showing a 5 percent rise over 1980. This was a smaller increase than in the previous two years due to prices and tonnage. The strengthening of the U.S. dollar abroad—making California products relatively more expensive—also contributed to the slower growth for exports. Cotton is the leading export with four out of five bales produced in California entering the export market. (Some of this cotton returns to the U.S. in the form of clothing and fabrics.) Rice is the second largest export in value. Over half of this State's rice crop is sold overseas.

Employment in the agriculture, forestry, and fishing sectors was an estimated 355,000 in 1982, virtually unchanged from the 1981 level.¹ Production workers represented nearly three-fourths of the total, with the remaining employment in agricultural service jobs.

Problems Affecting Agriculture

California's capital intensive agricultural industry is built on the availability of water, and is dependent on sending products to

¹ The California Employment Development Department includes forestry and fishery services in the definition, but excludes veterinary and animal services.

national and worldwide markets. The major problems facing this sector therefore involve finance, water, energy, and marketing costs. Agricultural labor regulations and controls on the use of pesticides are also prominent among the concerns of agricultural producers in California.

High interest rates throughout most of 1982 kept credit tight for California's ranchers and growers, and reduced potential net income substantially. To adjust to financial conditions, some farmers liquidated salable assets, refinanced loans, and postponed purchases of equipment and supplies. Table IX-2 summarizes the rise in farm debt over the period from 1977 to 1982.

TABLE IX-2
California Farm Loans Outstanding, 1977-1982
(Amount in thousands)

Year	Real Estate Loans		Non-Real Estate Farm Loan		Total Farm Loans Outstanding	
	Amount	Percent Change*	Amount	Percent Change*	Amount	Percent Change*
1977.....	\$4,677,317	12.0	\$3,257,223	17.3	\$7,934,540	14.1
1978.....	5,264,661	12.6	3,716,545	14.1	8,981,206	13.2
1979.....	6,264,931	19.0	4,459,742	20.0	10,724,673	19.4
1980.....	7,315,754	16.8	5,525,217	23.9	12,840,971	19.7
1981.....	7,990,458	9.2	6,273,342	13.5	14,263,800	11.1
1982.....	8,997,411	12.6	7,213,286	15.0	16,210,697	13.6

* Percent changes calculated on unrounded data.
Compiled by Security Pacific Bank.

Water use receives much attention in agriculture, but good reservoir supplies and higher than normal rainfall made 1982 a considerably less critical year than those in the mid-to-late 1970s. Conservation through drip irrigation installation is becoming increasingly popular for high value crops such as strawberries and for permanent plantings of fruits, nuts, and vines. Two referendums during 1982 addressed water problems. The June primary ballot carried Proposition 9—one provision of which was the Peripheral Canal. In the November election, Proposition 13 included a variety of conservation measures and groundwater management systems. Both measures were defeated, but having them on the ballot focused attention on water use and the labyrinth of confusing issues surrounding its control in California.

Increases in production costs will continue to cause a trend toward higher value crops, such as cotton, truck crops, and grapes, with a decline in grain and pasture. However, California can be expected to retain or even improve its competitive marketing position for certain crops, because other competing areas in the United States are facing serious water problems.

As some energy costs rose, the expense of delivering high quality California produce to distant markets increased. Concerns over competition from producing areas in Texas and Florida have fostered close scrutiny of production and marketing costs and ways to reduce energy use. Creating farm-based

energy resources through the use of by-products and waste is now receiving greater attention as a partial solution to the energy cost problem.

The Mediterranean fruit fly was declared eradicated in 1982 through the extensive efforts of Federal, State, and county governments in 1981 and early 1982. The danger of pest infestations was emphasized by the problem and attention is now being turned to the gypsy and carob moths and the boll weevil, all potentially hazardous pest introductions.

The Outlook

Agricultural production in 1983 will compare favorably with 1982 except for unforeseen weather problems and the unknown impact of a Federal Government program to reduce stockpiles of rice, cotton, wheat, corn, and grain sorghum.

Water supplies are already assured due to heavy winter rains. A large snowpack in the Sierra Mountains will provide an ample supply for the coming growing season. Good runoff distribution throughout the spring months will be necessary to prevent flooding and related problems.

At this time, the impact of the Federal payment-in-kind program is difficult to predict. Up to half of the acreage of cotton, rice, wheat, corn and grain sorghum could be withdrawn from production. The resulting effects on market prices and farm income are expected to be positive, but the short term and long term ripple effects on other commodities are subjects of considerable speculation. Plantings of the five affected crops may be reduced considerably if participation is as complete as expected.

Other crops not covered by the new program will continue production patterns based upon previous years' plantings of trees and vines. Expansion of grapes, almonds, avocados, kiwifruit, pistachios, and walnuts will come as a result of earlier new plantings. Vegetables are expected to expand moderately following good market conditions in 1982. The heavy winter rains delayed some crop plantings. It is still too early to tell whether production will be significantly affected; spring weather conditions will have a major impact on the outlook.

Livestock producers are anticipating some improvement in the demand for meat as a result of the predicted economic recovery. Milk producers are expecting changes in the government's dairy program to stall and possibly reverse the current expansion phase. This will reduce income but, with the large herd size and record production per cow that characterizes California's dairy industry, the possible effects of reduced margins will be smaller than in other states.

Forestry

Key indicators for the forest products industry in California show that 1982 was a poor year, with activity falling substantially below a relatively weak 1981:

- Volume harvested was down 18 percent

- Employment in lumber and wood products was down 19.6 percent
- Number of timber harvesting plans filed was down 18.4 percent
- Housing permits were down 19.9 percent
- Wholesale lumber prices were down 16 percent
- Stumpage prices were down 46 percent

There are, however, several signs that 1983 will be at least equal to 1981. These include a decline in the prime rate in late 1982 and early 1983, a surge in housing starts, an increase in wholesale lumber prices, the reopening of a number of sawmills, an increase in timber harvesting plans filed with the Department of Forestry, and an upsurge in logging activity.

The 1982 timber harvest of 2.4 billion board feet was the lowest since 1945 when 2.1 billion board feet were harvested, and considerably below the 1970-79 average of 4.6 billion board feet. The record harvest occurred in 1955 when 6.0 billion board feet were cut.

An indicator of economic activity in the timber industry is the number of timber harvesting plans filed with the California Department of Forestry. In 1982, 1,126 plans were filed, down 18.4 percent from the 1,380 filed in 1981. Early 1983 plans are running 50 percent higher than 1982, indicating a significant increase in harvesting levels.

The wholesale lumber price index averaged 16 percent lower in 1982 than in 1981. During December, however, the index showed a 7.3 percent increase from the previous month. Lumber prices are expected to continue firming in 1983 as demand increases. Stumpage prices as reported by the public agencies which sell standing timber in California (principally the U.S. Forest Service) saw the average price bid decrease by 46 percent in 1982. Indications are that 1983 will show an increase, perhaps back up to 1981 levels. Many private, nonindustrial timberland owners are not selling logs in the current market. Due to both lower stumpage prices and reduced public harvests, revenues to the Federal, State and county governments have fallen dramatically. The total loss last year was over \$50 million.

The health of the timber industry rises and falls with the number of new housing starts, and production levels coincide with the cycles of the building industry. However, there has been an overriding long-term decline in log harvests, the number of sawmills, plywood and veneer plants, and lumber and wood products employment within California during the last three decades. There has been a 50 percent reduction of sawmills since 1968 (from 216 to 108), but only a small decrease in total mill capacity. The number of plywood and veneer plants has declined to 14 from the 26 operating in 1968, with plant capacity also declining significantly.

The sawtimber inventory has declined to 256 billion board feet, or 22.8 percent less than in 1952. Yet, net annual growth has doubled since 1952 to 3.9 billion board feet. During this same

period, the acreage of commercial forest land has declined only 4.8 percent, from 17.1 million to 16.3 million acres. One problem with existing California sawmills is that there appears to be a large number of mills with over-age equipment unable to process economically the smaller logs now being harvested. Ninety percent of the sawmills in California are over 10 years old and two-thirds are over 20 years old. Only one new sawmill has been completed within the past three years.

No new plywood or veneer plants have been built in the last 10 years and most are over 20 years old. Similarly, all the pulp mills are over 15 years old. The only mills less than 5 years old are in the particle and hardboard sector.

The decline in the California timber sector is evidenced by employment trends. The number of jobs in the lumber and wood products sector averaged 45,900 in 1982, 19.6 percent lower than 1981 and 24.9 percent lower than 1980. Employment in the paper and allied products sector dropped less; the average of 37,300 was only 3.1 percent lower than 1981 and 4.1 percent under 1980.

One area where additional jobs can be created is in the hardwood industry, which is very small in California. While hardwood production is not likely to be significant relative to softwood production, the industry could still increase employment tenfold from the present level of about 400 jobs. Increased secondary manufacturing is another possible way to help reduce the high unemployment rates found in the rural timbered areas such as Del Norte, Sierra and Siskiyou Counties. Throughout much of 1982, unemployment rates for these counties were above 20 percent.

The Department of Forestry has been encouraging increased activity through the Forest Improvement Program which offers cost sharing plans for reforestation and stand improvement efforts of nonindustrial forest landowners.

Tables IX-3 through IX-5 show trends in forest acreage, production, and harvesting plans.

TABLE IX-3
Acreage in Commercial Forest Land in California

Year	Thousand Acres	Percent of 1952
1952	17,127	100.0
1962	17,043	99.5
1970	16,828	98.3
1977	16,303	95.2
1980 (estimated)	16,657 *	97.3
1990 (projected)	16,493 *	96.3
2000 (projected)	16,457 *	96.1

* Estimated in 1975

Source: California Department of Forestry

TABLE IX-4
California Timber Harvests
(Millions of board feet)

Year	Public Lands	Private Lands	Total
1955	1,087	4,928	6,015
1960	1,438	3,699	5,137
1965	2,056	3,215	5,271
1970	1,942	2,624	4,566
1975	1,622	2,712	4,334
1980	1,228	1,863	3,091
1981	950	1,722	2,672
1982 est.	940	1,410	2,350

Source: California Department of Forestry

TABLE IX-5
Number of Timber Harvesting Plans Filed With the
California Department of Forestry *

Year **	Number
1974	2,463
1975	2,152
1976	2,231
1977	2,078
1978	1,977
1979	1,939
1980	1,522
1981	1,380
1982	1,126

* For harvesting on other than Federal lands (primarily privately-owned land).

** Plans were not filed prior to 1974.

Source: California Department of Forestry

Water

While water supplies in California are sufficient to meet current water needs, significant groundwater overdrafts are occurring. Laws, administrative actions, environmental concerns, public opinion, cost considerations and other developments over the past two decades have limited new surface water development. At the same time, a variety of factors are increasing water usage. These include population and economic growth, the public interest in freshwater recreation, fisheries, wildlife and a natural environment.

Service areas of the State Water Project will face increased risk of severe deficiencies in drier years. Moreover, without a Delta transfer facility, substantial releases from storage will be required for protection of the Delta. While the quality of surface waters throughout California is generally satisfactory, contamination is threatening ground water in some areas and posing health problems. In the absence of additional surface water supplies, expansion of irrigated agriculture in the San Joaquin Valley will significantly increase ground water overdraft during dry years. Agricultural problems from saline drainage

waters, particularly in the San Joaquin Valley, will get progressively worse unless water is available for leaching and flushing.

Water Usage Through 2010

Statewide, net water use is projected to increase from 33.8 million acre-feet in 1980 to 37.3 million acre-feet by 2010.¹ Of this increase, urban use will account for 1.8 million acre-feet, and irrigated agriculture the remaining 1.7 million acre-feet. Total net water use is projected to increase at an average annual rate of approximately 120,000 acre-feet over the next 30 years (1980–2010). This is markedly less than the average annual rate for the previous 30 years (1950–1980) of about 550,000 acre-feet.

The greatest need for additional water supplies exists in the San Joaquin, Tulare Lake, and South Coastal Region hydrologic study areas (HSAs). These are the principal importers of supplies from the State Water Project. Sixty percent of the increase in net urban water use is expected to occur in the coastal metropolitan areas of the San Francisco Bay, Central coast, Los Angeles, Santa Ana, and San Diego HSAs. About 45 percent, or 860,000 acre-feet of this will take place in the latter three areas. The Central Valley will experience the major increase in agricultural net water use. The San Francisco Bay and south coastal region HSAs will have decreases in agricultural net water use.

The principal increase in water use by 2010 will be the 840,000 acre-feet in the Tulare Lake HSA. If the State Water Project is unable to meet its contract commitments, there will be a shortage of as much as 660,000 acre-feet of dependable surface water supply annually, 90 percent of which could be offset by additional overdraft. In that case, total overdraft may be as much as 2.4 million acre-feet annually by 2010.

The projected increase of 680,000 acre-feet by 2010 in the San Joaquin HSA can be satisfied by an increase in dependable surface water supply of 330,000 acre-feet and increased ground water overdraft of 290,000 acre-feet annually by 2010. Without additional State Water Project deliveries, ground water could increase another 60,000 acre-feet per year by 2010.

The Sacramento HSA increase of 720,000 acre-feet can be satisfied by water supplies within that area. In the Colorado River HSA, increased irrigation efficiency and conservation from reducing water lost as outflow to the Salton Sea could allow increased agricultural production.

Net water use associated with public wildlife management areas, nonurban public parks, and energy production, is forecast to increase from 710,000 acre-feet annually in 1980 to 900,000 acre-feet in 2010, for a 30 percent increase.

Overall, irrigation efficiency is expected to increase as a result of higher energy and labor costs and other production expenses.

¹ Although water conservation and waste water reclamation will have a minor additional effect on the water use projected to occur during the next 30 years, they were fully considered in the California Department of Water Resources projections which follow.

Increased irrigation efficiencies are projected to result in a decrease in applied water of about 3.5 million acre-feet by 2010. The corresponding reduction in the need for additional water supplies, however, is only 645,000 acre-feet, because of the reuse of excess applied water.

Future Water Supplies

Only about 5.5 million acre-feet, out of the total remaining undeveloped statewide surface water resource of 47.9 million acre-feet, may be potentially developable. Constraints on further development include current uses, existing wild and scenic river designations, and possible geologic, economic, and other constraints. Of the potentially developable water, 4.6 million acre-feet, or 84 percent, lie within the Sacramento Valley.

Upstream depletions will reduce the present yield of the existing State Water Project facilities from 2.3 million acre-feet annually to about 1.7 million acre-feet by 2010. However, these upstream depletions will be offset by future actions. The State Water Project can satisfy its service area needs in average and wet years during the 1980s. Beyond that period, the projected decreases in yield, coupled with continued growth in demands, increase the risk of more severe and frequent shortages.

Water supply savings due to urban water conservation are projected to amount to 70 percent of applied water reductions in 2010, or 950,000 acre-feet. Increased irrigation efficiency has the potential of saving considerable energy. Annual savings of 400 million kilowatt-hours could occur in the Central Valley by the year 2010.

Energy

The availability and cost of energy is integrally linked to California's economic health. In the last decade, dramatic increases in world oil prices coupled with modest supply shortages twice staggered western economies and contributed to a widespread international recession. Most recently, stable and now declining oil prices have strengthened projections for economic recovery. Over the same period, natural gas supplies have fluctuated while natural gas prices have steadily risen with deregulation.

Californians feel the impact of energy supply and demand through household utility bills, transportation costs, prices for goods and services, and fluctuating economic conditions. The following sections describe recent trends in California energy supply and consumption, and the economic implications of these trends.

The California Energy System

Currently, California depends on oil and natural gas for 90 percent of its primary energy needs. Of that total, oil supplies 58 percent and natural gas supplies 32 percent. Nuclear, geothermal, hydroelectric, coal, and a variety of alternative energy resources supply the remaining 10 percent, almost

entirely as electricity. Transportation accounts for 47 percent of all energy use. Commercial, industrial and agricultural businesses use 39 percent, and the household sector, 14 percent.

Electricity production consumes 24 percent of the State's primary fuels but supplies only 10 percent of California's energy needs; the difference is energy lost in generation and transmission.

Oil. California ranks fourth in the Nation among the oil-producing states, behind Texas, Alaska, and Louisiana. Currently, California produces about 13 percent of the Nation's domestic crude oil.

In 1982, oil production in this state increased for the fourth year in a row and established an all-time record, surpassing the previous high in 1981. Preliminary estimates indicate production in 1982 totaled about 403 million barrels, a 4.7 percent increase over the 385 million barrels produced in 1981. These production figures include Federal Outer Continental Shelf (OCS) production, which accounted for about 28.5 million barrels in 1982 and 19.6 million barrels in 1981.

Production from State tidelands increased from 39.2 million barrels in 1981 to about 39.9 million barrels in 1982. Kern County continued to lead all other counties in oil production, accounting for about 58 percent of the State's total production (onshore and offshore) in 1982. Los Angeles County was in second place, accounting for about 15 percent.

Incremental oil production, or oil produced as a result of enhanced-recovery projects, totaled about 178.4 million barrels in 1981, or 46 percent of California's total oil production. Steam stimulation of heavy-oil reservoirs, especially in Kern County, was credited with about 122.8 million barrels, or 69 percent of all the incremental oil produced in 1981.

Continued increases in onshore oil production are predicated on additional increases from enhanced-recovery projects, primarily steam-injection. Significant new oil discoveries will be restricted primarily to deep formations. Offshore, production in the Federal OCS areas will continue to increase as development of existing fields continues and new fields are brought into production. In the State tidelands area (within three nautical miles of the shoreline), production will probably begin to decline again in 1983; however, new areas for tideland exploration will be made available in the State Lands Commission's August 1983 lease sale. Many promising areas for new oil and gas fields exist in both State and Federal offshore areas.

The output of California refinery operations in 1982 dropped by 5.4 percent, continuing a downtrend of recent years. The estimated 1982 production of 697 million barrels was 10.5 percent below the peak year of 1979. Despite this decrease, California's refinery capacity increased by 1 percent. Falling crude oil prices and an economic recovery may end this downward trend.

Refinery output of low sulfur fuel oil (LSFO) plummeted by 61 percent in 1982 as the State's electric utilities switched from burning LSFO to natural gas. This continued a recent trend in

which LSFO production peaked in 1977 at 96.8 million barrels and then steadily declined. Recent and projected increases in natural gas prices combined with falling crude oil prices could cause electric utilities to switch back to LSFO as a fuel for electric generation.

World crude oil prices averaged 4 percent lower in 1982 than in 1981 (the peak year for crude oil prices) due to the worldwide recession and increased conservation. Weak demand worldwide and increased output from non-OPEC countries, principally Mexico and the North Sea producers, have significantly reduced demand for OPEC oil. This has caused instability in the oil markets and at least a temporary oversupply of crude oil. Future price trends depend on OPEC members' ability to agree on production quotas and price differentials, something they have been unable to do successfully over the last year. Member disagreement would continue the current downtrend in crude oil prices.

Regular leaded gasoline prices fell 7.6 percent in 1982, reversing a trend over the preceding three years in which gasoline prices rose almost 100 percent from 1978's average. Over the next year gasoline prices will be sensitive to changes in crude oil costs, although the scheduled 5 cents per gallon increase in Federal excise taxes will slow the current downward trend in prices.

Natural Gas. During 1982, natural gas production in California dropped 2 percent to about 371 billion cubic feet. At the beginning of the past year, 1,130 gas wells were in operation, compared with about 1,150 at the same time in 1981. Proven gas reserves were estimated at 4.65 trillion cubic feet. The reserve level represented a slight increase over the 1981 total of 4.0 trillion cubic feet. Prospects for significant increases in onshore nonassociated gas production (gas not associated with oil production) are confined to the Sacramento Valley, but are not very encouraging.

In 1983 California consumers will spend nearly 29 percent more for natural gas than the \$7.5 billion spent in 1982. Nearly 70 percent of natural gas revenues will leave the State; Canadian suppliers will receive 18 percent and Southwest suppliers, 52 percent. Residential prices could increase as much as 44 percent while commercial and industrial gas prices would increase 27 and 17 percent, respectively.

TABLE IX-6
Estimated Average Natural Gas Prices to California Consumers
(Cents per therm)

	1982	1983	Percent Increase
Residential	40.7	58.5	44
Commercial	50.0	62.1	24
Industrial	50.4	59.8	17

Electricity. Over the past 20 years, per capita energy consumption has been stabilizing despite increasing electrical equipment ownership. Rising electricity prices and energy conservation programs have been major contributors to this trend.

Between 1960 and 1970 electricity sales in California grew at an average of 7.5 percent a year. This rapid growth in consumption slowed to 4.5 percent a year between 1970 and 1975, and to 2.5 percent a year between 1975 and 1980. The slowing in electricity usage was most dramatic in the commercial sector between 1975 and 1980. The very low growth in electricity use in the industrial sector between 1970 and 1975 reflected the absolute drop in industrial consumption during the 1974-75 recession.

TABLE IX-7
California Average Annual Growth Rate in Electricity Sales

Year	Residential	Com- mercial	Industrial	Total
1960-1970.....	9.1	6.5	7.6	7.5
1970-1975.....	4.3	7.3	1.8	4.5
1975-1980.....	3.3	1.9	2.4	2.5

Between 1976 and 1982 average electricity prices in California more than doubled, from just over 3 cents per kWh to about 7.4 cents per kWh. In comparison, the general price level increased about 50 percent. During the same years, the electric utility bill for a household consuming 500 kWh per month grew from \$15 to \$37. In certain severe climate areas where natural gas was unavailable, monthly electrical heating costs were in the \$150-\$185 range.

More than 50 percent of California's electricity is provided by oil and natural gas-fired generation. The dramatic increases in the prices of these fuels have been largely responsible for increasing electricity rates, as more than 50 percent of a typical Californian's bill goes toward fuel and purchased power costs. Since the mid-1970s, the cost of oil has more than doubled while the cost of gas has quadrupled. Other operating costs have also increased substantially. The costs of materials, services, and labor have risen significantly faster than the rate of inflation.

Although consumer prices for electricity increased in 1982 by about 17 percent, utility revenues were actually lower than in 1981, reflecting lower electricity sales. This sales decline resulted from customer conservation, a cooler than average summer of 1982, and the recession.

Hydroelectric conditions, natural gas prices, world oil prices, the ratemaking treatment and performance of major electricity supply additions such as the Diablo Canyon and San Onofre nuclear plants, and general ratemaking proceedings (excluding those related to fuel cost adjustments) will influence electricity rates in the 1983-85 period. Statewide rates are expected to increase an average of 10 percent per year in the 1983-85 period, a considerable slowdown from the 16 percent annual average growth during 1976-82.

Transportation Energy

Nearly all California business activity depends on the movement of people and freight. Transportation accounts for 47 percent of the State's total energy consumption and virtually all of California transportation depends on petroleum products. As a result, the cost and availability of transportation energy vitally affects the State's economic health.

The oil price hikes in the 1970s led to greater demand for vehicles with better gas mileage. At the Federal level, Congress enacted the Corporate Average Fuel Economy (CAFE) standards which require that new cars have increasingly greater average fuel economy beginning in 1978. As a result of these standards and increasing fuel prices, the average new car fuel efficiency has risen 87 percent, from 14.2 miles per gallon (mpg) in 1973 to 26.5 mpg today. In 1985 manufacturers will be required to reach a CAFE standard of 27.5 mpg.

Increasing new car fuel efficiency causes the average fuel efficiency of all cars on the road to improve as new vehicles gradually replace older vehicles. Thus, the average fuel efficiency of cars on the road has improved by about 25 percent since 1973.

State highway travel has increased about 4 percent in each of the last three years, while transportation energy consumption has declined. In 1978 California's highway use of gasoline and diesel was 12.4 billion gallons. In 1981 fuel consumption was only about 11.6 billion gallons, even though Californians traveled more.

The recent stabilization and downturn in gasoline prices has produced two side effects. First, new car sales have shifted somewhat toward less efficient vehicles. These vehicles are still very fuel efficient, however, when compared to previous years' models. Second, public enthusiasm for high-mileage diesel vehicles has diminished as the price of gasoline has fallen.

As the average fuel efficiency of California's on-road fleet continues to improve, highway fuel sales are likely to remain constant or diminish for a number of years. A similar stabilization and possible reduction in revenues from fuel taxes would also result. The excise tax on gasoline is the primary State source of transportation revenue, and the California Department of Transportation expects gasoline consumption to decrease by about 1 percent a year during the next few years. Travel on the state's highways, streets and roads, however, is expected to continue increasing by about 3 percent a year into the future. Consequently, the primary source of State transportation revenue is decreasing while maintenance needs and costs rise.

X. TOURISM

California's travel and tourism industry is becoming increasingly recognized for the significant role it plays in the State's economy. Primary destinations such as Los Angeles, Orange County, the San Francisco peninsula, and San Diego attract visitors, business travelers and conventions from all over the world. These travelers spend billions of dollars each year for accommodations, food, transportation, sightseeing, entertainment, gifts and souvenirs.

In other areas of the State, communities have discovered that colorful scenery, historic buildings, wineries, unusual festivals and special events are economic assets that can form the basis of a local visitor trade. Especially appealing is that travel, leisure and hospitality industries are relatively nonpolluting and labor-intensive, and provide jobs and training for the unskilled.

In 1981, travel-related expenditures by United States residents and foreign visitors traveling to and through California amounted to approximately \$27 billion and supported 589,000 jobs. Domestic travelers comprise by far the largest segment of California visits and close to 90 percent of total travel spending, or \$24 billion. Spending by this group rose 9.8 percent between 1980 and 1981, and was up 85.4 percent from the amount recorded in 1977. Domestic travel expenditures average \$414 million per county, ranging from a high of \$7.0 billion in Los Angeles County to \$5.5 million in Alpine County. Table X-1 indicates total travel-related expenditures in California counties from 1978 to 1981.

In 1981, domestic travel spending supported approximately 514,000 jobs, or 5.1 percent of total nonagricultural payroll employment in California. Employment was highest in the food service category, where 255,087 jobs generated a payroll of \$1.6 billion. The lodging industry was another major employer, with 79,909 jobs and a payroll of \$736.4 million. Total wages and salaries paid to employees directly serving travelers totaled \$5.5 billion. Domestic travel-generated employment and payroll by industry category are shown in Table X-2.

Travel and tourism generate substantial tax revenue. Federal taxes collected on the sale of gasoline, airline tickets and travel-generated personal and corporate income amounted to \$1.4 billion in 1981. Travelers paid \$927 million into the State Treasury, or 4.5 percent of all State tax revenue for fiscal 1981. Local governments benefit from the \$415 million in sales, property, and transient occupancy taxes produced at the rate of approximately two cents for each travel dollar spent.

TABLE X-1
Total Travel Expenditures in California Counties
1978-1981
(Thousands of Dollars)

	1978	1979	1980	1981
Alameda.....	\$506,522	\$499,177	\$689,433	\$750,560
Alpine.....	3,343	4,108	4,893	5,539
Amador.....	6,498	8,210	9,655	10,754
Butte.....	37,940	59,531	58,183	64,906
Calaveras.....	8,580	10,589	12,523	13,998
Colusa.....	7,020	8,633	10,307	11,734
Contra Costa.....	70,000	83,787	95,157	105,698
Del Norte.....	20,716	25,537	30,213	33,791
El Dorado.....	175,178	216,088	255,830	286,389
Fresno.....	177,127	217,087	254,669	284,335
Glenn.....	7,337	8,996	10,657	11,979
Humboldt.....	64,782	81,896	96,776	107,747
Imperial.....	32,787	45,135	52,494	58,461
Inyo.....	30,535	42,559	44,490	49,759
Kern.....	111,221	136,203	156,789	174,364
Kings.....	10,925	13,205	15,563	17,433
Lake.....	45,167	55,669	65,985	74,057
Lassen.....	10,096	12,636	14,939	16,755
Los Angeles.....	4,511,058	5,798,860	6,429,484	6,995,355
Madera.....	18,307	22,415	26,526	29,784
Marin.....	67,212	83,141	99,900	111,162
Mariposa.....	26,776	33,127	39,193	43,819
Mendocino.....	53,475	65,804	77,830	87,077
Merced.....	21,264	25,825	30,416	34,055
Modoc.....	5,006	6,137	7,272	8,179
Mono.....	44,336	54,744	65,047	73,294
Monterey.....	347,462	426,947	502,267	561,045
Napa.....	30,090	36,784	43,368	48,377
Nevada.....	28,370	34,881	41,372	46,532
Orange.....	1,131,592	1,314,859	1,539,984	1,700,683
Placer.....	75,868	92,952	110,530	125,143
Plumas.....	32,606	40,144	47,976	54,681
Riverside.....	439,443	542,285	639,413	714,541
Sacramento.....	213,289	261,900	305,728	338,899
San Benito.....	3,963	4,825	5,705	6,416
San Bernardino.....	206,907	257,986	300,389	334,795
San Diego.....	1,398,522	1,764,853	2,027,131	2,243,755
San Francisco.....	1,987,992	2,826,207	3,324,906	3,659,670
San Joaquin.....	53,963	64,221	74,260	82,287
San Luis Obispo.....	152,643	200,572	215,270	239,778
San Mateo.....	1,730,663	2,134,387	2,281,008	2,432,496
Santa Barbara.....	203,319	250,703	295,347	329,044
Santa Clara.....	408,239	453,434	523,387	580,816
Santa Cruz.....	81,300	99,642	117,931	132,369
Shasta.....	67,923	84,791	98,544	109,782

TABLE X-1 (Continued)
Total Travel Expenditures in California Counties
1978-1981
(Thousands of Dollars)

	1978	1979	1980	1981
Sierra	6,291	7,789	9,311	10,619
Siskiyou	40,750	50,209	59,542	66,897
Solano	49,763	62,707	75,523	82,355
Sonoma	96,905	120,189	143,408	160,440
Stanislaus	55,745	67,912	80,067	89,479
Sutter	10,160	14,289	16,051	17,755
Tehama	20,147	24,693	29,295	33,025
Trinity	6,770	8,351	9,929	11,200
Tulare	36,976	44,762	51,404	57,191
Tuolumne	18,335	22,550	26,712	29,978
Ventura	107,481	131,268	159,421	176,836
Yolo	39,167	47,960	56,567	63,126
Yuba	11,559	14,105	16,636	18,596
State total	\$15,167,420	\$19,128,250	\$21,882,603	\$24,019,599

Notes: Details may not add to totals due to rounding.

Source: California Office of Tourism, *The Economic Impact of Travel in California, 1978, 1979, 1980, 1981*.

The official tourism development and promotion agency of the State is the Office of Tourism, located within the Department of Economic and Business Development. The Office of Tourism answers visitor requests for information, initiates special promotions, conducts marketing research, assists journalists and provides technical assistance in local tourism development.

TABLE X-2
Domestic Travel-Generated Employment and Payroll in California by
Category
1981

Industry Category	Employment (jobs)	Payroll (\$ millions)
Public transportation	68,819	\$1,811.7
Auto transportation	27,809	382.6
Lodging	79,909	736.4
Food service	255,087	1,642.4
Entertainment/recreation	41,864	489.1
General retail trade	20,349	207.1
Travel arrangement	20,050	243.0
Total	513,887	\$5,512.2

Source: *The Economic Impact of Travel in California, 1981*, California Office of Tourism, December 1982.

XI. FOREIGN TRADE

The value of trade moving through California customs districts last year, at \$61,703 million, was virtually unchanged from the 1981 total of \$61,680 million. While imports were up 2.8 percent, exports fell by 2.9 percent. (Table X-1 summarizes the value of California foreign trade for selected years.)

California customs district trade data compiled by the U.S. Department of Commerce does not exactly represent State of California trade. The districts serve as a gateway for many goods destined for, and originating from, interior states. The available data, therefore, include more than just California's foreign trade. Conversely, some California goods enter or leave the U.S. through other customs districts. The experience of many international businesses is that 60 to 70 percent of California customs district trade is attributable to this State.

The gap between California exports and imports widened in 1982 after narrowing during the previous four years; however, due to interstate trade the State deficit amounts are only general indicators of the inflow and outflow of goods.

**California Customs Districts
Exports Minus Imports
(In millions)**

1976	-\$3,775
1977	-8,927
1978	-6,562
1979	-4,626
1980	-2,619
1981	-1,700
1982	-3,463

The worldwide recession, and its impact on demand, was an important factor limiting the growth in international trading last year. In addition, protectionist sentiments were increasing as countries tried to protect and preserve domestic industries and jobs. The rising value of the U.S. dollar relative to most foreign currencies was particularly detrimental to this Nation's exports.

During 1983 the trade deficit is expected to worsen as the California economy pulls out of the recession faster and stronger than most of this State's trading partners. Californians will be purchasing an increasing amount of foreign-made products while overseas sales of domestic-made goods remain relatively flat.

TABLE XI-1
California Foreign Trade, Selected Years
(In millions)

	<i>Imports</i>	<i>Exports</i>
1960	\$1,250	\$1,388
1965	1,916	1,519
1970	4,408	4,245
1975	11,715	10,340
1976	15,300	11,525
1977	19,113	12,186
1978	21,496	14,934
1979	24,929	20,303
1980	29,414	26,794
1981	31,690	29,990
1982	32,583	29,120

Source: U.S. Department of Commerce as obtained from the Security Pacific Bank International Trade Databank.

Electrical machinery and equipment represents the largest share of imports. Radios, televisions, and stereo equipment are the most important products in this group. Transportation equipment—primarily motor vehicles—accounts for the second largest share of California imports. The major remaining import categories include iron and steel and crude petroleum.

Machinery and mechanical equipment comprise the largest share of California exports. Over one-third of this group represents automatic data processing and office equipment, while one-quarter are boilers and nonelectric motors and equipment. Electrical machinery and equipment accounts for the second largest share of this State's exports, with electronic tubes, photocells, and transistors being primary products. The major remaining export categories include transportation equipment—primarily aircraft—raw cotton, and opticals, scientific instruments and photographic equipment.

Over two-thirds of California customs district trade is with Asia, and half of the Asian trade is with Japan. The importance of Japan as a trading partner cannot be overemphasized. The over \$20 billion in trade with Japan is exceeded in importance only by the dominance of Japanese trade in selected commodity categories. During the first half of 1982, for example, Japan provided over 40 percent of all electrical machinery and equipment imports, and about 65 percent of both mechanical and transportation equipment imports. The only major source of trade surplus with Japan is in agricultural products.

Most of the other important California trading partners are also in the Asian region, and include South Korea, Taiwan, Indonesia, Singapore and Hong Kong. Europe is the second largest trading region, accounting for slightly over one-eighth of all trade. Most European trade is with the countries of West Germany, the United Kingdom, and France. The State's two largest trading partners among the remaining countries of the world are Australia and Mexico. Each represents about \$3 billion in trade.

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TABLE 1
POPULATION OF THE UNITED STATES AND CALIFORNIA, 1960-82^a

Year (July 1)	United States ¹	California ²	California as percent of United States	Percent change	
				United States	California
1960	179,975,000	15,863,000	8.8	1.6	3.8
1961	182,973,000	16,412,000	9.0	1.7	3.5
1962	185,738,000	16,951,000	9.1	1.5	3.3
1963	188,438,000	17,530,000	9.3	1.5	3.4
1964	191,085,000	18,026,000	9.4	1.4	2.8
1965	193,460,000	18,464,000	9.5	1.2	2.4
1966	195,501,000	18,831,000	9.6	1.1	2.0
1967	197,374,000	19,174,700	9.7	1.0	1.8
1968	199,312,000	19,432,000	9.7	1.0	1.3
1969	201,306,000	19,744,700	9.8	1.0	1.6
1970	203,984,000	20,039,000	9.8	1.3	1.5
1971	206,827,000	20,346,000	9.8	1.4	1.5
1972	209,284,000	20,585,000	9.8	1.2	1.2
1973	211,357,000	20,868,000	9.9	1.0	1.4
1974	213,342,000	21,173,000	9.9	0.9	1.5
1975	215,465,000	21,537,000	10.0	1.0	1.7
1976	217,563,000	21,935,000	10.1	1.0	1.8
1977	219,760,000	22,350,000	10.2	1.0	1.9
1978	222,095,000	22,839,000	10.3	1.1	2.2
1979	224,567,000	23,255,000	10.4	1.1	1.8
1980	227,158,000	23,771,000	10.5	1.2	2.2
1981	229,307,000	24,196,000	10.6	0.9	1.8
1982	231,479,000	N.A.	N.A.	0.9	N.A.

^a Includes members of the Armed Forces stationed in the area.

¹ Source: 1960-69 U.S. Bureau of the Census, Current Population Reports P-25 No. 640
1970-81 U.S. Bureau of Census Current Population Reports P-25 No. 903

² Source: 1960-69 California Department of Finance
1970-80 U.S. Bureau of Census Current Population Reports P-25 to be published

TABLE 2
COMPONENTS OF CHANGE IN CALIFORNIA'S CIVILIAN POPULATION, 1960-81

Year (July 1)	Civilian population ¹	Net change	Net migration ²	Natural increase ³	Gains from military
1960	15,550,000	586,000	351,000	231,000	+4,000
1961	16,108,000	558,000	308,000	244,000	+6,000
1962	16,634,000	526,000	306,000	240,000	-20,000
1963	17,197,000	563,000	320,000	234,000	+9,000
1964	17,706,000	509,000	308,000	230,000	-29,000
1965	18,143,000	437,000	232,000	217,000	-12,000
1966	18,459,000	316,000	179,000	185,000	-48,000
1967	18,796,000	337,000	198,000	184,000	-45,000
1968	19,046,000	250,000	102,000	176,000	-28,000
1969	19,354,000	308,000	118,000	185,000	+5,000
1970	19,663,000	309,000	96,000	193,000	+20,000
1971	20,002,000	339,000	128,000	184,000	+27,000
1972	20,264,000	262,000	98,000	144,000	+20,000
1973	20,557,000	293,000	161,000	130,000	+2,000
1974	20,873,000	316,000	182,000	131,000	+3,000
1975	21,248,000	375,000	228,000	145,000	+2,000
1976	21,652,000	404,000	248,000	153,000	+3,000
1977	22,073,000	421,000	247,000	174,000	—
1978	22,569,000	496,000	319,000	177,000	—
1979	22,988,000	419,000	228,000	191,000	—
1980	23,510,000	522,000	312,000	210,000	—
1981	23,922,000	412,000	187,000	225,000	—

¹ Source: U.S. Bureau of Census.

² May be biased upwards by approximately 66,000 persons per year 1970-1980 due to improved census techniques.

³ Source: California Department of Finance, Population Research Unit.

TABLE 3
TOTAL POPULATION OF CALIFORNIA COUNTIES
JANUARY 1, 1982

County	Total Population 1-1-82	County	Total Population 1-1-82
Alameda	1,121,000	Placer	124,800
Alpine	1,200	Plumas	17,850
Amador	20,550	Riverside	707,900
Butte	151,000	Sacramento	809,700
Calaveras	23,100	San Benito	26,400
Colusa	13,150	San Bernardino	967,900
Contra Costa	665,200	San Diego	1,924,700
Del Norte	18,600	San Francisco	691,900
El Dorado	93,300	San Joaquin	369,300
Fresno	533,100	San Luis Obispo	167,000
Glenn	21,350	San Mateo	579,800
Humboldt	109,100	Santa Barbara	304,800
Imperial	97,000	Santa Clara	1,313,100
Inyo	17,800	Santa Cruz	195,200
Kern	426,400	Shasta	120,800
Kings	75,800	Sierra	3,240
Lake	40,600	Siskiyou	41,700
Lassen	22,850	Solano	250,000
Los Angeles	7,699,400	Sonoma	309,300
Madera	68,600	Stanislaus	279,100
Marin	222,500	Sutter	53,900
Mariposa	11,950	Tehama	41,250
Mendocino	67,400	Trinity	12,200
Merced	140,700	Tulare	254,000
Modoc	9,000	Tuolumne	36,550
Mono	8,800	Ventura	544,700
Monterey	298,700	Yolo	117,800
Napa	99,700	Yuba	49,050
Nevada	59,200		
Orange	1,993,800	Sum of Counties *	24,445,000

* Total may not equal sum due to independent rounding.
Source: California Department of Finance, Population Research Unit.

TABLE 4
CIVILIAN LABOR FORCE, CALIFORNIA, 1967-82
(In thousands)

Year and month	Labor force ^a	Employed ^b	Unemployed ^c	Percent unemployed	
1967	7,679	7,242	437	5.7	
1968	7,792	7,369	423	5.4	
1969	7,919	7,508	411	5.2	
1970	8,166	7,574	592	7.3	
1971	8,406	7,668	739	8.8	
1972	8,652	7,995	656	7.6	
1973	8,909	8,285	624	7.0	
1974	9,316	8,637	679	7.3	
1975	9,538	8,597	941	9.9	
1976	9,895	8,989	906	9.2	
1977	10,365	9,512	852	8.2	
1978	10,910	10,135	775	7.1	
1979	11,266	10,565	702	6.2	
1980	11,583	10,793	790	6.8	
1981	11,811	10,937	874	7.4	
1982	12,189	10,978	1,211	9.9	
				Unadjusted	Adjusted for seasonal variations
1981 January	11,725	10,793	932	7.9	7.3
February	11,689	10,751	938	8.0	7.4
March	11,711	10,838	873	7.5	7.1
April	11,757	10,914	843	7.2	7.1
May	11,709	10,990	719	6.1	6.7
June	11,727	10,936	791	6.7	7.0
July	11,903	11,019	884	7.4	7.2
August	11,959	11,136	823	6.9	7.0
September	11,741	10,922	819	7.0	7.5
October	11,908	10,995	914	7.7	8.1
November	11,931	11,001	930	7.8	8.0
December	11,928	10,903	1,025	8.6	8.6
1982 January	11,941	10,820	1,120	9.4	8.7
February	11,985	10,837	1,149	9.6	8.9
March	11,996	10,836	1,160	9.7	9.3
April	12,042	10,907	1,135	9.4	9.3
May	12,119	11,030	1,089	9.0	9.6
June	12,202	11,059	1,143	9.4	9.6
July	12,397	11,075	1,323	10.7	10.5
August	12,368	11,112	1,256	10.2	10.3
September	12,269	11,084	1,184	9.7	10.2
October	12,339	11,065	1,274	10.3	10.7
November	12,296	10,950	1,346	11.0	11.1
December	12,305	10,951	1,354	11.0	11.0

^a Detail may not add to total because of rounding.

^b Includes wage and salary workers, employers, own-account workers, and unpaid family workers. Excludes workers directly involved in work stoppages who receive no pay for the payroll period which includes 12th of the month.

^c Excludes the potential or latent supply of workers not active in the labor market and workers directly involved in work stoppages.

Source: California Employment Development Department.

TABLE 5
WAGE AND SALARY WORKERS IN NONAGRICULTURAL ESTABLISHMENTS
BY MAJOR INDUSTRY DIVISION, CALIFORNIA, 1972-82*

(In thousands)

Year and month	Total	Mineral extraction	Construction	Manufacturing	Transportation and utilities	Trade	Finance, insurance, and real estate	Services	Government
1972	7,209.9	29.2	320.7	1,536.0	454.1	1,608.6	409.3	1,359.4	1,492.6
1973	7,621.9	30.5	344.8	1,653.5	467.0	1,703.2	431.6	1,466.5	1,524.8
1974	7,834.3	32.7	334.0	1,694.1	470.7	1,751.9	444.8	1,520.1	1,585.9
1975	7,847.2	33.9	303.3	1,586.9	458.1	1,786.3	446.4	1,561.7	1,670.6
1976	8,154.2	34.7	317.6	1,650.9	463.9	1,875.6	468.7	1,647.3	1,695.6
1977	8,599.7	35.6	366.1	1,728.3	476.5	1,982.4	505.4	1,764.7	1,740.7
1978	9,199.8	37.1	417.5	1,875.2	506.4	2,126.0	553.2	1,931.3	1,753.1
1979	9,664.6	39.3	463.3	2,002.7	534.7	2,223.8	595.9	2,070.0	1,735.0
1980	9,852.4	43.5	444.8	2,007.8	546.3	2,266.8	623.1	2,156.2	1,763.9
1981	9,996.3	49.2	427.7	2,022.7	554.8	2,301.5	642.9	2,241.0	1,756.5
1982	9,825.4	50.1	366.1	1,928.4	543.0	2,275.4	645.1	2,284.0	1,733.2
1981 January	9,866.0	45.4	428.1	1,984.9	542.1	2,264.0	634.7	2,185.6	1,781.2
February	9,867.8	45.7	418.5	1,986.4	540.8	2,242.3	634.7	2,204.4	1,795.0
March	9,923.8	46.4	422.2	1,999.5	543.5	2,248.3	637.9	2,222.6	1,803.4
April	9,987.6	47.4	430.9	2,007.9	551.5	2,263.2	639.1	2,241.2	1,806.4
May	10,036.0	48.3	436.5	2,020.5	555.3	2,285.3	641.4	2,244.0	1,804.7
June	10,096.9	49.5	440.2	2,032.6	558.1	2,303.7	643.7	2,258.4	1,810.7
July	9,985.0	50.7	432.8	2,052.9	564.9	2,317.5	648.6	2,247.7	1,669.9
August	9,975.8	51.0	440.0	2,071.5	565.5	2,323.2	649.6	2,241.0	1,634.0
September	10,050.8	51.1	436.2	2,069.0	567.2	2,333.4	647.6	2,254.3	1,692.0
October	10,068.4	51.4	427.4	2,043.0	559.1	2,321.8	647.0	2,268.0	1,750.7
November	10,034.7	51.6	413.3	2,007.3	555.8	2,336.3	643.9	2,259.1	1,767.4
December	10,062.9	51.9	405.8	1,996.4	553.6	2,379.6	646.7	2,265.7	1,763.2
1982 January	9,834.7	51.8	374.8	1,951.7	544.7	2,272.6	643.6	2,242.4	1,753.1
February	9,835.9	51.4	371.4	1,949.4	540.8	2,252.4	644.0	2,257.2	1,769.3
March	9,867.2	51.1	371.1	1,958.2	539.7	2,252.5	646.9	2,272.5	1,775.2
April	9,838.0	49.7	363.2	1,940.6	541.1	2,252.4	644.5	2,276.7	1,769.8
May	9,856.8	49.6	368.9	1,935.8	542.6	2,266.7	643.8	2,277.4	1,772.0
June	9,892.8	50.2	376.9	1,931.4	546.8	2,279.5	645.4	2,287.8	1,774.8
July	9,789.4	50.7	374.1	1,930.7	547.4	2,276.9	647.7	2,298.2	1,663.7
August	9,748.9	51.0	370.5	1,946.4	543.5	2,273.2	646.2	2,295.0	1,623.1
September	9,803.2	49.2	368.5	1,938.0	547.4	2,281.6	644.8	2,297.0	1,676.7
October	9,807.6	49.1	359.8	1,908.1	542.5	2,269.8	643.1	2,296.3	1,738.9
November	9,801.8	49.1	349.5	1,886.9	539.9	2,289.3	644.2	2,300.4	1,742.5
December	9,828.0	48.4	344.6	1,864.0	540.2	2,337.8	646.6	2,307.5	1,738.9

* Does not include employers, own-account workers, unpaid family workers, domestic servants, and agricultural workers.
Source: California Employment Development Department.

(Official U. S. Bureau of Labor Statistics series. The text portion of this report uses the interim series prepared by the EDD.)

TABLE 6
WAGE AND SALARY WORKERS * IN NONAGRICULTURAL ESTABLISHMENTS, BY
MAJOR INDUSTRY DIVISION, SELECTED AREAS, 1981-82
(In thousands)

Area and year	Total	Mineral extraction	Construction	Manufacturing	Transportation and utilities	Trade	Finance, insurance, and real estate	Services	Government
Los Angeles-Long Beach									
1981	3,646.8	14.4	122.4	916.1	201.4	820.7	239.3	857.1	475.3
1982	3,559.4	14.7	105.2	861.9	196.7	813.3	237.0	869.1	461.6
San Francisco-Oakland									
1981	1,580.0	4.1	75.3	199.8	130.6	362.4	150.7	369.5	287.5
1982	1,562.9	4.4	71.7	190.0	126.7	358.8	153.5	373.8	283.4
Anaheim-Santa Ana- Garden Grove									
1981	864.2	3.0	47.8	222.7	29.9	210.3	61.2	183.4	106.0
1982	850.4	3.7	38.6	214.0	29.8	210.0	60.4	190.2	103.8
San Jose									
1981	689.8	0.1	24.7	248.7	22.5	127.7	28.7	156.8	80.7
1982	694.1	0.1	21.7	256.7	22.5	126.4	28.4	159.0	79.3
San Diego									
1981	666.5	0.6	34.9	109.3	29.5	154.0	40.7	155.7	141.9
1982	663.3	0.5	28.3	108.4	29.6	153.9	41.8	160.6	140.1
Riverside-San Bernardino- Ontario									
1981	437.9	2.1	23.1	63.9	25.8	108.2	19.5	93.6	101.6
1982	431.8	1.6	19.7	59.1	25.4	108.5	19.1	96.8	101.7
Sacramento									
1981	406.7	0.7	17.8	27.5	22.7	94.7	22.7	77.6	143.2
1982	405.5	0.8	15.4	26.5	21.9	94.7	22.7	79.9	143.7
Fresno									
1981	181.7	1.0	9.5	22.9	10.9	47.9	11.4	37.3	40.9
1982	175.8	1.1	8.3	21.4	10.4	46.0	11.2	37.5	39.9
Bakersfield									
1981	137.5	14.2	7.0	10.1	8.1	35.0	5.2	24.6	33.3
1982	138.5	14.5	6.8	9.9	7.9	35.4	5.4	25.4	33.2
Stockton									
1981	121.0	0.1	5.7	22.0	8.2	27.9	5.5	24.3	27.2
1982	118.5	0.1	5.0	20.9	7.7	27.1	6.1	24.5	27.1
Oxnard-Simi Valley									
1981	158.0	2.9	7.1	25.0	6.8	38.0	8.3	32.1	37.8
1982	160.8	3.1	5.5	26.1	6.6	38.9	9.8	33.0	37.8
Santa Barbara-Santa Maria- Lompoc									
1981	123.1	1.6	5.1	17.3	5.2	29.6	5.9	33.5	24.9
1982	124.5	1.6	4.8	18.0	5.4	30.0	6.1	34.4	24.2

TABLE 6—Continued
 WAGE AND SALARY WORKERS* IN NONAGRICULTURAL ESTABLISHMENTS, BY
 MAJOR INDUSTRY DIVISION, SELECTED AREAS, 1981-82
 (In thousands)

Area and year	Total	Mineral extraction	Construction	Manufacturing	Transportation and utilities	Trade	Finance, insurance, and real estate	Services	Government
Vallejo-Fairfield-Napa									
1981.....	101.7	0.5	5.0	11.0	4.7	22.2	3.4	20.3	34.7
1982.....	102.0	0.5	4.4	11.0	4.4	22.4	3.5	20.7	35.1
Salinas-Seaside-Monterey									
1981.....	90.1	0.4	3.3	9.1	5.2	23.7	4.3	20.1	24.1
1982.....	90.1	0.4	3.0	9.1	4.7	23.9	4.2	20.8	24.0
Modesto									
1981.....	87.8	0.1	4.8	19.2	3.9	22.0	3.5	17.4	16.9
1982.....	86.2	0.1	3.8	19.3	4.1	21.7	3.4	17.5	16.3
Santa Rosa									
1981.....	95.7	0.5	5.5	15.4	5.0	23.4	6.0	20.2	19.8
1982.....	95.4	0.5	4.7	15.5	4.8	23.5	6.1	20.6	19.8

* Does not include employers, own-account workers, unpaid family workers, domestic servants, and agricultural workers.

Area definitions:

Anaheim-Santa Ana-Garden Grove—Orange County.
 Bakersfield—Kern County.
 Fresno—Fresno County.
 Los Angeles-Long Beach—Los Angeles County.
 Modesto-Turlock—Stanislaus County.
 Oxnard-Ventura—Ventura County.
 Sacramento—Placer, Sacramento, and Yolo Counties.
 Salinas-Monterey—Monterey County.
 Riverside-San Bernardino-Ontario—Riverside and San Bernardino Counties.
 San Diego—San Diego County.
 San Francisco-Oakland—Alameda, Contra Costa, Marin, San Francisco, and San Mateo Counties.
 San Jose—Santa Clara County.
 Santa Barbara—Santa Barbara County.
 Santa Rosa—Sonoma County.
 Stockton—San Joaquin County.
 Valley-Napa—Napa and Solano Counties.

Source: California Employment Development Department.

TABLE 7
WAGE AND SALARY WORKERS IN MANUFACTURING, CALIFORNIA, 1977-82
(In thousands)

Industry	1977	1978	1979	1980	1981	1982
Total	1,728.3	1,875.2	2,002.7	2,007.8	2,022.7	1,928.4
Nondurable goods	591.9	623.8	643.0	637.9	647.2	623.2
Durable goods	1,136.3	1,251.4	1,359.7	1,369.8	1,375.5	1,305.3
Nondurable goods						
Food and kindred products	178.8	182.3	186.4	186.6	186.8	180.6
Canned, cured, frozen sea foods	9.5	10.1	10.1	10.4	10.3	9.5
Meat products	20.1	20.2	20.1	20.2	18.9	17.9
Dairy products	13.1	12.7	13.5	13.9	14.7	13.8
Canned and preserved fruits and vegetables	55.6	56.0	58.3	56.9	56.1	54.9
Grain mill products	8.2	8.3	8.5	8.5	8.4	8.6
Bakery products	18.5	18.8	18.8	19.0	19.0	18.9
Beverages	21.6	23.6	23.8	24.8	25.9	24.6
Other food and kindred products	32.3	32.7	33.3	32.9	33.7	32.5
Textile mill products	14.8	15.8	16.0	14.4	13.7	12.1
Knitting mills	3.1	3.0	2.9	2.7	2.5	2.4
Floor covering mills	5.6	6.1	6.3	5.4	5.0	4.2
Other textile mill products	6.1	6.7	6.8	6.3	6.2	5.6
Apparel and other textile products	101.3	109.6	110.6	106.5	107.7	102.8
Men's and boys' furnishings	13.8	14.1	14.5	13.4	13.1	12.9
Women's and misses' outerwear	60.4	67.4	66.7	63.6	64.4	62.6
Women's and children's undergarments	4.0	3.9	4.2	4.4	4.5	4.1
Children's outerwear	1.6	1.4	1.4	1.6	1.8	1.9
Other apparel and textile products	21.5	22.8	23.8	23.6	24.0	21.4
Paper and allied products	37.4	37.7	39.1	38.9	38.5	36.6
Miscellaneous converted paper products	13.5	13.9	14.8	14.9	14.7	14.7
Paperboard containers and boxes	16.1	16.5	17.4	17.3	16.9	15.8
Other paper and allied products	7.9	7.3	7.0	6.7	6.9	6.2
Printing and publishing	103.3	112.4	118.9	123.2	125.1	124.6
Newspapers	36.8	39.6	41.6	42.8	43.2	43.0
Commercial printing	40.1	43.9	47.4	49.3	48.9	47.6
Other printing and publishing	26.3	28.8	29.9	31.2	33.0	33.9
Chemicals and allied products	61.0	62.9	64.4	65.2	67.1	64.3
Industrial inorganic chemicals	7.1	7.1	7.1	7.3	7.6	7.1
Plastics materials and synthetics	3.8	3.7	4.2	3.6	3.5	3.5
Drugs	13.7	14.8	15.7	16.9	18.2	18.0
Soaps, cleaners, toilet goods	13.3	13.5	13.4	13.9	14.5	14.0
Paints and allied products	7.8	7.9	8.3	7.4	7.4	6.7
Agricultural chemicals	5.4	5.1	5.2	5.4	5.3	4.5
Other chemicals and allied products	10.0	10.8	10.4	10.7	10.8	10.5
Petroleum and coal products	25.5	27.0	27.5	27.7	31.0	31.8
Petroleum refining	22.6	23.8	24.2	24.1	27.4	28.1
Other petroleum and coal products	2.9	3.2	3.3	3.6	3.6	3.6
Rubber and plastics products	59.0	63.8	68.0	64.7	65.1	59.9
Tires and inner tubes	6.7	5.3	4.8	2.6	1.5	1.4
Footwear and fabricated products	10.3	10.4	10.6	10.0	10.3	9.4
Miscellaneous plastics products	41.1	47.2	51.5	51.0	52.3	48.2
Other rubber and plastics products	1.0	0.9	1.1	1.2	1.1	0.9
Leather and leather products	10.8	12.4	12.3	10.9	12.0	10.5

TABLE 7—Continued
 WAGE AND SALARY WORKERS IN MANUFACTURING, CALIFORNIA, 1977-82
 (In thousands)

Industry	1977	1978	1979	1980	1981	1982
Durable goods						
Lumber and wood products excluding furniture	66.4	69.5	68.7	61.1	57.1	44.5
Logging camps, sawmills, planing mills.....	26.2	26.5	27.2	24.2	21.8	16.5
Millwork, plywood, structural members	15.5	17.2	18.0	16.3	15.2	12.4
Wooden containers	4.8	4.4	4.7	4.6	4.2	3.7
Other lumber and wood products	19.9	21.4	18.7	16.0	15.9	11.9
Furniture and fixtures.....	49.3	55.0	56.9	54.0	55.0	49.3
Household furniture	32.9	35.9	37.0	33.8	33.6	28.9
Partitions and fixtures	5.7	6.2	6.8	6.9	6.9	6.4
Other furniture and fixtures	10.7	12.9	13.1	13.3	14.5	13.9
Stone, clay, and glass products.....	53.7	57.2	60.0	57.4	56.7	49.8
Glass and glass products	15.9	17.5	18.0	17.7	17.6	16.6
Hydraulic cement	3.2	3.4	3.6	3.7	3.7	3.7
Structural clay products	3.8	3.9	3.8	3.3	3.2	2.4
Pottery and related products	6.6	6.5	6.4	6.1	6.0	5.0
Concrete, gypsum, plaster products	14.1	15.8	17.3	16.5	16.1	13.0
Other stone, clay, and glass products	10.1	10.2	10.8	10.2	10.1	9.0
Primary metal industries	54.3	57.3	60.5	57.3	54.9	47.4
Blast furnace and basic steel products	20.6	20.3	21.2	17.7	16.1	12.2
Iron and steel foundries	7.9	8.7	9.1	8.8	8.9	8.0
Nonferrous rolling and drawing.....	13.6	14.7	15.5	15.8	14.6	13.2
Nonferrous foundries	8.6	9.5	10.4	10.4	10.5	9.5
Other primary metals	3.7	4.1	4.4	4.7	4.7	4.5
Fabricated metal products	135.4	147.5	158.7	155.0	152.1	137.2
Can and shipping containers	11.0	10.9	11.0	10.5	9.8	9.2
Cutlery, hand tools, hardware	16.8	17.6	18.6	16.7	15.7	14.3
Plumbing and heating excluding electric	7.1	7.5	8.2	7.6	7.4	6.6
Fabricated structural products	44.7	49.1	52.4	50.8	50.2	44.4
Screw machine products, bolts, etc.	9.3	11.3	13.6	15.5	15.0	12.5
Forgings and stampings	13.0	14.6	14.6	14.3	14.2	13.3
Metal services	16.0	18.3	20.2	19.9	20.0	18.3
Other fabricated metal products.....	17.4	18.2	19.9	19.8	19.7	18.4
Machinery excluding electrical	177.6	202.8	226.8	236.0	234.5	224.5
Farm and garden	4.4	5.0	5.4	5.5	5.7	4.6
Construction and related	18.0	19.6	21.4	21.7	23.3	20.0
Metalworking	16.7	18.7	20.6	20.0	18.9	16.7
Special industry	10.3	11.1	12.2	13.1	13.4	12.5
General industry	17.8	19.2	20.6	21.6	20.8	19.1
Office, computing, accounting	67.0	80.1	92.2	97.9	98.4	103.0
Refrigeration and service industry	6.3	7.2	7.5	7.7	8.0	8.0
Other machinery excluding electrical	37.2	42.0	46.8	48.4	45.9	40.6
Electrical equipment and supplies	251.8	284.6	316.8	334.8	346.5	342.9
Electrical distribution equipment	8.6	8.7	9.2	9.6	9.3	8.1
Industrial apparatus	12.1	13.7	14.2	14.8	14.3	13.3
Household appliances	5.5	5.6	5.7	5.6	6.2	4.9
Lighting and wiring equipment	17.7	20.5	23.5	23.3	22.3	20.0
Radio and TV receiving equipment	16.6	17.8	18.0	17.6	17.3	15.2
Communication equipment	102.1	113.2	123.5	131.2	141.6	145.7
Electronic components and accessories.....	82.3	97.3	114.6	124.2	126.1	127.2
Miscellaneous electrical equipment and supplies	6.9	7.8	8.0	8.5	9.5	8.5

TABLE 7—Continued
WAGE AND SALARY WORKERS IN MANUFACTURING, CALIFORNIA, 1977-82
(In thousands)

Industry	1977	1978	1979	1980	1981	1982
Transportation and equipment	237.9	254.2	277.2	274.7	274.7	263.4
Motor vehicles and equipment	44.5	49.6	49.6	34.6	35.0	29.5
Aircraft and parts	109.4	117.5	140.4	151.0	147.9	139.2
Ship and boat building and repairing	21.2	22.3	23.1	23.0	22.9	22.0
Guided missiles, space vehicles and parts	45.4	46.7	50.9	55.3	59.4	63.5
Other transportation equipment	17.4	18.1	13.5	10.8	9.5	9.3
Instruments and related products.....	71.6	80.4	92.2	99.9	102.6	101.9
Measuring and controlling	33.5	37.4	41.9	46.0	48.2	47.7
Other instruments and related products.....	38.1	43.0	50.2	54.0	54.4	54.2
Miscellaneous manufacturing	38.4	43.1	42.1	39.6	41.5	44.4
Toys and sporting goods	15.1	16.2	15.8	16.1	18.0	21.4
Other miscellaneous manufacturing.....	23.2	27.0	26.3	23.5	23.6	22.9

Source: California Employment Development Department.

(Official U.S. Bureau of Labor Statistics series. The text portion of the report uses the interim series prepared by EDD.)

Table 8
AEROSPACE EMPLOYMENT IN CALIFORNIA, 1960-82
(In thousands)

Year and Month *	Total Aerospace	Office Computing and Accounting Machines	Radio and TV Receiving Equipment	Communi- cation Equipment	Electronic Components and Accessories	Aircraft and Parts	Guided Missiles and Space Vehicles	Measuring and Controlling Instruments
1960.....	422.5	23.3	9.9	92.2	29.1	181.4	68.4	18.2
1961.....	425.8	23.6	10.6	98.8	31.2	166.0	76.2	19.5
1962.....	457.6	25.4	12.0	112.0	35.4	161.0	89.6	22.1
1963.....	458.3	25.6	11.9	110.4	34.8	160.1	93.7	21.8
1964.....	433.5	26.9	11.0	98.1	32.4	153.6	90.8	20.8
1965.....	434.3	30.2	10.8	95.7	34.9	155.3	86.0	21.4
1966.....	495.0	33.8	13.7	103.3	47.7	181.3	92.1	23.1
1967.....	542.4	38.8	15.0	117.6	52.0	198.6	97.4	23.0
1968.....	544.3	42.7	15.5	117.0	52.4	195.4	96.9	24.6
1969.....	528.3	53.4	16.7	114.4	57.7	178.3	82.6	25.3
1970.....	466.3	58.3	15.1	102.9	53.0	148.3	64.5	24.3
1971.....	409.6	52.3	14.2	91.1	45.9	130.3	52.9	23.0
1972.....	420.9	52.1	15.0	90.6	52.0	135.4	50.7	25.1
1973.....	455.8	61.4	15.5	95.3	68.9	135.6	48.6	30.5
1974.....	478.9	69.7	15.8	97.6	78.5	134.9	49.7	32.7
1975.....	444.1	63.3	14.9	98.7	65.7	121.3	50.0	30.2
1976.....	441.3	62.3	16.1	99.5	74.8	108.5	47.6	32.5
1977.....	456.3	67.0	16.6	102.1	82.3	109.4	45.4	33.5
1978.....	510.0	80.1	17.8	113.2	97.3	117.5	46.7	37.4
1979.....	581.5	92.2	18.0	123.5	114.6	140.4	50.9	41.9
1980.....	623.0	97.9	17.6	131.2	124.2	151.0	55.3	46.0
1981.....	638.8	98.4	17.3	141.6	126.1	147.9	59.4	48.2
1982.....	641.6	103.0	15.2	145.7	127.2	139.2	63.5	47.7
1982 January	638.6	102.6	15.9	142.4	126.4	140.7	61.8	48.8
February.....	639.1	103.3	16.1	142.8	126.5	139.8	62.0	48.6
March.....	641.8	104.4	15.7	144.1	127.5	139.4	62.2	48.5
April	639.3	103.7	15.7	144.2	127.4	138.0	62.3	48.0
May.....	640.9	103.4	15.5	144.4	127.8	138.3	63.6	47.9
June	642.1	103.5	15.4	145.1	128.4	138.3	63.8	47.6
July	645.6	103.9	15.3	146.6	128.9	138.6	64.3	48.0
August	646.0	104.4	15.4	146.6	128.8	138.8	64.3	47.7
September.....	642.4	102.5	15.0	147.1	127.5	139.0	64.2	47.1
October	640.6	101.2	14.6	147.6	126.6	139.2	64.4	47.0
November	641.6	101.5	14.4	148.6	125.8	139.7	64.6	47.0
December	641.1	101.7	13.7	148.9	125.2	140.0	64.9	46.7

* Data from 1960 through 1971 calculated using aerospace categories as defined by 1972 SIC codes. Data from 1972 through 1980 represent the official benchmarked aerospace series based upon the 1972 SIC codes.
Source: California Employment Development Department.

TABLE 9
 AVERAGE WEEKLY AND HOURLY EARNINGS AND AVERAGE HOURS WORKED PER
 WEEK, PRODUCTION AND RELATED WORKERS IN MANUFACTURING,
 CALIFORNIA AND UNITED STATES, 1960-82 *

Year	California			United States		
	Average weekly earnings	Average hourly earnings	Average hours per week	Average weekly earnings	Average hourly earnings	Average hours per week
1960.....	104.28	2.62	39.8	89.72	2.26	39.7
1961.....	108.53	2.72	39.9	92.34	2.32	39.8
1962.....	112.44	2.79	40.3	96.15	2.38	40.4
1963.....	115.78	2.88	40.2	99.22	2.45	40.5
1964.....	119.29	2.96	40.3	102.97	2.53	40.7
1965.....	123.83	3.05	40.6	107.53	2.61	41.2
1966.....	128.93	3.16	40.8	112.34	2.72	41.3
1967.....	132.92	3.29	40.4	114.49	2.82	40.6
1968.....	138.63	3.44	40.3	122.51	3.01	40.7
1969.....	145.89	3.62	40.3	129.51	3.19	40.6
1970.....	150.48	3.80	39.6	133.33	3.35	39.8
1971.....	158.79	4.02	39.5	142.44	3.57	39.9
1972.....	170.43	4.25	40.1	154.71	3.82	40.5
1973.....	178.93	4.44	40.3	166.46	4.09	40.7
1974.....	188.97	4.76	39.7	177.20	4.43	40.0
1975.....	205.67	5.22	39.4	190.30	4.83	39.4
1976.....	221.92	5.59	39.7	208.80	5.22	40.0
1977.....	240.60	6.00	40.1	228.50	5.67	40.3
1978.....	257.84	6.43	40.1	249.27	6.17	40.4
1979.....	280.50	7.03	39.9	269.54	6.70	40.2
1980.....	304.15	7.70	39.5	288.62	7.27	39.7
1981.....	338.98	8.56	39.6	318.00	7.99	39.8
1982.....	362.21	9.24	39.2	330.65	8.50	38.9

* Averages are based upon data for full-time and part-time production and related workers in production and other departments, such as shipping, maintenance, and warehousing. Overtime pay and premium wages for late-shift work are included.

Source: California Employment Development Department; U.S. Department of Labor, Bureau of Labor Statistics.

TABLE 10
 AVERAGE WEEKLY AND HOURLY EARNINGS AND AVERAGE HOURS WORKED PER
 WEEK, IN SELECTED NONMANUFACTURING INDUSTRIES, CALIFORNIA, 1982 *

Industry	Average weekly earnings	Average hourly earnings	Average hours per week
Mineral extraction			
Oil and gas extraction.....	\$495.97	\$12.62	39.3
Nonmetallic minerals, except fuels	510.74	12.93	39.5
Contract construction			
General building contractors.....	599.04	16.97	35.3
Heavy construction contractors, except building	629.89	17.21	36.6
Special trade contractors			
Plumbing, heating, air conditioning.....	677.81	19.59	34.6
Painting, paper hanging, decorating	580.92	18.80	30.9
Electrical work	743.49	20.71	35.9
Masonry, stonework, and plastering	564.80	17.65	32.0
Transportation and utilities			
Electric, gas, and sanitary services	551.03	13.31	41.4
Trade			
Wholesale.....	375.34	9.80	38.3
Retail (excluding eating/drinking).....	251.83	8.02	31.4
Services			
Motion picture production	607.16	16.02	37.9

* Averages are based upon data for full-time and part-time production and related workers in mineral extraction, construction workers in construction, and nonsupervisory employees and working supervisors in other industries. Overtime hours and pay and premium wages for late-shift work are included.
 Source: California Employment Development Department.

TABLE 11
PERSONAL INCOME IN CALIFORNIA, TOTAL AND PER CAPITA, 1960-82

Year	Total			Per capita *		
	Amount (In millions)	Percent change	Percent of U.S.	Amount	Percent change	Percent of U.S. average
1960.....	\$43,303	-	10.9	2,729	-	123.1
1961.....	45,676	5.5	11.0	2,769	1.5	122.3
1962.....	49,122	7.5	11.2	2,877	3.9	121.4
1963.....	52,468	6.8	11.3	2,970	3.2	121.0
1964.....	56,772	8.2	11.5	3,128	5.3	120.7
1965.....	60,744	6.9	11.3	3,266	4.4	117.8
1966.....	65,882	8.5	11.3	3,494	7.0	117.2
1967.....	70,735	7.4	11.3	3,689	5.6	116.7
1968.....	77,330	9.5	11.3	3,987	8.1	116.2
1969.....	84,402	9.3	11.3	4,282	7.4	115.3
1970.....	90,295	7.0	11.2	4,510	5.3	114.3
1971.....	95,653	5.9	11.1	4,701	4.2	112.8
1972.....	104,191	8.9	11.0	5,062	7.7	112.1
1973.....	114,690	10.1	10.8	5,496	8.6	109.7
1974.....	128,142	11.7	11.0	6,052	10.1	111.1
1975.....	141,046	10.1	11.2	6,549	8.2	112.1
1976.....	156,940	11.3	11.3	7,155	9.3	112.4
1977.....	175,738	12.0	11.5	7,863	9.9	112.6
1978.....	200,358	14.0	11.6	8,773	11.6	112.8
1979.....	228,882	14.2	11.8	9,842	12.2	113.7
1980.....	258,553	13.0	12.0	10,896	10.7	114.9
1981.....	288,481	11.6	12.0	11,923	9.4	113.6
1982.....	310,626	7.7	12.1	12,567	5.4	114.2

* Per capita figures derived using population estimates of the California Department of Finance.

† Estimated.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, and California Department of Finance.

TABLE 12
PERSONAL INCOME BY MAJOR SOURCES, CALIFORNIA, 1960-82
(In millions)

Year	Total Personal Income ^a	Wages and salaries	Other labor income	Proprietorship		Property income	Transfer payments	Less: Contributions for social insurance	Residence adjustment
				Farm	Other				
1960	\$43,303	\$29,048	\$1,101	\$899	\$4,168	\$6,195	\$3,072	\$1,085	— \$95
1961	45,676	30,619	1,196	814	4,343	6,429	3,529	1,171	— 84
1962	49,122	33,063	1,342	914	4,524	6,910	3,728	1,276	— 82
1963	52,468	35,434	1,514	859	4,652	7,474	4,085	1,478	— 72
1964	56,772	37,991	1,734	1,007	5,054	8,229	4,420	1,591	— 72
1965	60,704	40,444	1,918	919	5,276	9,005	4,872	1,711	— 19
1966	65,882	44,551	2,126	994	5,476	9,639	5,343	2,227	— 20
1967	70,735	47,752	2,281	921	5,704	10,254	6,363	2,525	— 18
1968	77,330	52,355	2,654	1,059	6,160	10,759	7,154	2,791	— 20
1969	84,402	57,373	3,018	966	6,356	11,789	8,083	3,158	— 26
1970	90,295	60,708	3,361	885	6,229	12,710	9,782	3,355	— 24
1971	95,653	63,411	3,685	1,018	6,394	13,394	11,348	3,574	— 22
1972	104,191	69,242	4,348	1,270	6,904	14,300	12,238	4,180	— 22
1973	114,690	75,935	4,945	2,042	7,291	15,968	13,677	5,146	— 21
1974	128,142	83,428	5,695	2,352	7,416	18,493	16,160	5,395	— 8
1975	141,046	89,761	6,698	1,888	8,022	20,149	20,198	5,744	75
1976	156,940	99,259	7,963	1,919	9,521	22,312	22,409	6,571	127
1977	175,738	111,460	9,712	1,450	10,598	25,890	23,978	7,381	30
1978	200,358	127,145	11,346	2,062	11,439	30,930	25,880	8,464	20
1979	228,882	144,737	12,899	2,715	12,097	37,717	28,629	9,942	33
1980	258,553	162,591	14,520	2,672	11,304	44,426	33,496	10,491	36
1981	288,481	179,982	16,119	2,126	11,741	53,055	38,309	12,914	62
1982 ^b	310,626	192,108	17,340	1,792	11,718	58,730	42,652	13,799	86

^a Detail may not add to total because of rounding.

^b Estimated.

Source: U.S. Department of Commerce, Bureau of Economic Analysis and California Department of Finance.

TABLE 13
DISPOSABLE PERSONAL INCOME, CALIFORNIA, 1960-81

	Disposable Personal Income		Per Capita Disposable Income	
	Amount (In millions)	Percent Change	Amount	Percent Change
1960	\$37,637	4.8	\$2,372	2.1
1961	39,669	5.4	2,405	1.4
1962	42,533	7.2	2,491	3.6
1963	45,396	6.7	2,569	3.1
1964	49,977	10.1	2,753	7.2
1965	53,454	7.0	2,876	4.5
1966	57,540	7.6	3,051	6.1
1967	61,431	6.8	3,204	5.0
1968	66,235	7.8	3,415	6.6
1969	71,498	7.9	3,627	6.2
1970	77,683	8.7	3,880	7.0
1971	83,118	7.0	4,085	5.3
1972	88,601	6.6	4,304	5.4
1973	98,559	11.2	4,723	9.7
1974	109,865	11.5	5,189	9.9
1975	122,346	11.4	5,681	9.5
1976	134,584	10.0	6,136	8.0
1977	149,632	11.2	6,695	9.1
1978	169,543	13.3	7,423	10.9
1979	192,750	13.7	8,289	11.7
1980	217,220	12.7	9,154	10.4
1981	242,203	11.5	10,010	9.4

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

TABLE 14
INDUSTRIAL SOURCES OF EARNINGS, CALIFORNIA AND UNITED STATES, 1978-81
(In percent)

Industry	California			United States		
	1979	1980	1981	1979	1980	1981
Total *	100.0	100.0	100.0	100.0	100.0	100.0
Farming	2.8	2.6	2.1	2.7	1.8	2.0
Mining	0.6	0.6	0.8	1.6	1.8	2.0
Construction	6.1	5.8	5.7	6.2	5.9	5.6
Manufacturing	22.1	22.3	22.5	26.2	25.9	25.7
Transportation, communication, and public utilities	7.2	7.2	7.3	7.7	7.8	7.8
Trade.....	16.8	16.6	16.6	16.5	16.4	16.3
Finance, insurance, real estate.....	6.6	6.5	6.4	5.7	5.8	5.8
Services	19.7	20.2	20.8	16.8	17.7	18.1
Government	17.3	17.4	17.1	16.1	16.5	16.3
Other ^b	0.7	0.8	0.8	0.4	0.4	0.4

* Consists of wage and salary disbursements, other labor income and proprietors' income. Detail may not add to total due to rounding.

^b Agricultural services, forestry, fisheries and other.

Source: Computed by California Department of Finance from data reported by the U.S. Department of Commerce, Bureau of Economic Analysis.

TABLE 15
 NUMBER OF PERSONAL INCOME TAX RETURNS, ADJUSTED GROSS INCOME,
 TAXABLE INCOME, AND TAX ASSESSED, 1960-80
 (Income in thousands)

Income Year *	Number of returns	Adjusted gross income	Taxable income	Tax assessed
1960	4,239,099	\$31,234,015	\$13,337,516	\$256,450,535
1961	4,454,831	33,581,594	14,624,977	290,676,930
1962	4,558,688	35,878,383	15,833,652	304,396,656
1963	4,851,770	38,835,003	17,382,196	338,006,936
1964	4,981,588	42,133,398	19,411,712	391,744,625
1965	5,167,529	45,234,006	21,088,900	432,886,449
1966	5,445,732	48,692,542	23,442,015	478,765,378
1967	5,449,456	52,827,614	43,252,693	947,644,969
1968	5,334,038	56,636,453	44,663,419	1,061,700,536
1969	5,586,849	60,874,377	47,983,889	1,088,914,303
1970	5,554,362	63,189,993	49,434,451	1,212,386,611
1971	5,690,817	67,784,603	52,618,643	1,132,505,000
1972	6,972,468	78,371,548	60,904,375	1,691,312,440
1973	7,490,292	85,533,832	66,863,680	1,536,631,957
1974	7,929,997	93,727,065	73,916,530	2,360,763,630
1975	8,124,290	101,597,846	80,476,280	2,758,812,903
1976	8,620,249	115,605,336	91,731,547	3,359,556,988
1977	8,989,797	132,780,576	105,756,245	4,224,600,738
1978	9,448,710	149,103,645	119,658,733	4,174,010,707
1979	10,190,263	169,787,242	136,691,944	5,973,284,386
1980	10,335,674	189,296,755	150,455,416	6,205,907,550

* Changes in the Personal Income Tax Law effective with returns for the 1967 income year make prior year information not comparable.

Source: California Franchise Tax Board.

TABLE 16
PERSONAL INCOME TAX STATISTICS, BY COUNTY, 1980 INCOME YEAR

County	All returns—taxable and nontaxable			Joint Returns		1980 Tax Assessed
	Number of Returns	Adjusted Gross Income (thousands)	Median Income	Number of Returns	Median Income	
Alameda.....	479,538	\$8,983,785	\$14,796	196,162	\$27,011	\$286,387
Alpine.....	187	2,853	13,773	100	19,667	62
Amador.....	7,669	129,150	13,929	4,787	19,440	3,398
Butte.....	54,014	791,451	10,702	28,309	17,844	20,948
Calaveras.....	7,917	122,753	13,205	4,820	18,136	2,991
Colusa.....	5,016	93,335	12,992	2,890	18,950	3,569
Contra Costa.....	269,081	6,161,909	18,213	136,166	30,054	215,412
Del Norte.....	6,403	92,779	11,941	3,654	18,700	3,119
El Dorado.....	30,981	499,508	12,504	17,378	20,008	11,943
Fresno.....	189,801	3,188,460	12,044	97,087	20,323	97,720
Glenn.....	7,885	125,601	12,411	4,612	17,858	3,923
Humboldt.....	42,178	661,360	11,821	20,843	20,623	18,904
Imperial.....	31,484	474,051	10,955	18,563	15,053	13,830
Inyo.....	7,275	115,935	12,619	3,905	20,528	3,097
Kern.....	142,473	2,544,862	13,709	78,187	21,776	78,482
Kings.....	22,141	356,517	12,274	12,937	18,246	9,884
Lake.....	13,204	187,178	10,409	7,882	15,002	4,047
Lassen.....	7,679	120,690	12,767	4,513	19,129	2,821
Los Angeles.....	3,034,956	56,490,927	13,070	1,247,953	23,898	1,965,226
Madera.....	20,531	353,071	12,815	12,595	18,782	9,724
Marin.....	99,109	2,481,571	17,023	40,823	32,746	107,801
Mariposa.....	3,938	55,766	10,711	2,189	16,911	1,322
Mendocino.....	25,637	400,052	11,912	13,841	19,951	11,389
Merced.....	44,421	655,039	11,004	24,618	17,307	17,472
Modoc.....	2,831	36,111	10,978	1,691	16,270	945
Mono.....	3,544	54,628	10,912	1,396	20,253	1,516
Monterey.....	99,277	1,764,292	12,871	49,027	21,030	57,058
Napa.....	37,303	714,318	15,050	19,095	25,464	22,172
Nevada.....	19,177	317,904	12,687	11,091	18,980	8,185
Orange.....	816,433	17,616,342	15,591	386,151	27,858	563,507
Placer.....	48,401	864,311	13,993	27,259	23,329	22,859
Plumas.....	6,422	98,831	13,784	3,781	19,069	2,352
Riverside.....	239,139	4,228,956	12,966	131,230	20,329	119,478
Sacramento.....	319,963	5,597,050	13,820	150,549	23,946	164,224
San Benito.....	8,889	141,681	11,993	4,814	19,048	4,169
San Bernardino.....	308,966	5,391,950	14,010	168,782	22,462	137,290
San Diego.....	710,142	12,340,918	12,681	338,157	22,112	359,769
San Francisco.....	354,031	6,161,381	12,508	98,926	23,054	244,663
San Joaquin.....	133,951	2,225,289	12,522	68,334	21,760	64,836
San Luis Obispo.....	59,293	939,453	11,852	29,886	20,004	26,227

TABLE 16—Continued
PERSONAL INCOME TAX STATISTICS, BY COUNTY, 1980 INCOME YEAR

County	All returns—taxable and nontaxable			Joint returns		Tax assessed (thousands)
	Number of returns	Adjusted gross income (thousands)	Median income	Number of returns	Median average income	
San Mateo.....	252,857	5,905,071	17,197	111,888	30,226	230,730
Santa Barbara.....	123,326	2,344,514	12,945	55,634	23,916	84,106
Santa Clara.....	568,015	12,200,611	16,660	252,264	29,839	415,925
Santa Cruz.....	78,265	1,323,948	12,246	34,915	22,044	39,678
Shasta.....	43,420	680,782	12,003	25,248	18,885	17,930
Sierra.....	1,108	16,537	12,375	618	18,979	398
Siskiyou.....	14,974	229,049	13,350	9,007	17,970	6,103
Solano.....	85,972	1,612,733	15,979	47,099	24,904	44,055
Sonoma.....	121,122	2,172,711	13,894	59,536	23,714	63,076
Stanislaus.....	100,642	1,644,663	12,047	53,705	19,908	47,635
Sutter.....	19,191	319,924	12,253	10,903	19,599	9,476
Tehama.....	12,873	181,216	11,824	7,734	17,949	4,563
Trinity.....	3,836	56,762	11,856	2,422	16,897	1,325
Tulare.....	78,096	1,194,657	11,692	45,104	17,664	33,292
Tuolumne.....	13,219	203,845	12,271	7,585	18,502	5,074
Ventura.....	200,861	3,994,075	15,411	107,840	25,430	115,763
Yolo.....	44,859	748,642	11,382	20,764	22,220	24,229
Yuba.....	15,660	202,722	9,858	8,717	15,235	4,609
Unallocated ¹	50,210	780,588	9,058	18,524	18,140	25,832
Resident out-of-state ²	80,953	1,820,728	12,643	34,191	22,168	84,206
Nonresident.....	175,870	1,734,599	5,940	94,975	8,235	51,981
Totals:						
58 Counties.....	9,499,576	\$178,614,580	—	4,335,966	—	\$5,840,688
All.....	9,806,609	\$182,950,495	\$13,750	4,483,656	\$23,828	\$6,002,707

¹ Unable to determine county of residence from tax returns.

² Resident returns filed with out-of-state address.

TABLE 17
 CONSUMER PRICE INDEX, UNITED STATES, CALIFORNIA, LOS ANGELES,
 SAN FRANCISCO, AND SAN DIEGO, 1960-82
 (1967 = 100)

Year and month	United States	California ^b	Los Angeles-Long Beach ^c	San Francisco-Oakland ^d	San Diego ^e
Urban Wage Earners and Clerical Workers (Old Series)					
1960	88.7	88.2	88.5	87.9	
1961	89.6	89.3	89.6	88.9	
1962	90.6	90.5	90.6	90.3	
1963	91.7	91.9	92.0	91.5	
1964	92.9	93.5	93.7	92.9	
1965	94.5	95.4	95.7	94.7	95.2
1966	97.2	97.3	97.5	97.1	97.1
1967	100.0	100.0	100.0	100.0	100.0
1968	104.2	104.1	103.9	104.5	104.1
1969	109.8	109.3	108.8	110.2	109.5
1970	116.3	114.9	114.3	115.8	115.3
1971	121.3	119.1	118.5	120.1	119.8
1972	125.3	123.1	122.3	124.3	124.4
1973	133.1	130.2	129.2	131.5	132.5
1974	147.7	143.5	142.5	144.4	147.2
1975	161.2	158.5	157.6	159.1	160.8
1976	170.5	168.2	168.0	168.0	170.7
1977	181.5	180.2	179.6	180.8	180.9
All Urban Consumers					
1978	195.4	194.8	192.8	197.8	200.1
1979	217.4	215.9	213.7	214.6	233.1
1980	246.8	249.4	247.3	247.3	268.5
1981	272.4	276.6	271.4	279.0	304.6
1982	289.1	294.5	287.6	300.0	325.3
Revised Urban Wage Earners and Clerical Workers					
1978	195.3	194.3	192.5	197.4	199.5
1979	217.7	216.2	215.1	214.7	230.4
1980	247.0	250.6	250.2	247.2	264.6
1981	272.3	277.9	275.0	278.8	299.3
1982	288.6	295.4	291.1	298.9	320.4

^a A new Consumer Price Index for All Urban Consumers and a revised CPI for Urban Wage Earners and Clerical Workers were introduced January 1978. These series tie to the historical unrevised Urban Wage Earners and Clerical Workers CPI.

^b Computed by the Department of Industrial Relations, Division of Labor Statistics and Research, as a weighted average of the indexes for the Los Angeles-Long Beach, San Francisco-Oakland, and San Diego metropolitan areas.

^c Los Angeles and Orange Counties.

^d Alameda, Contra Costa, Marin, San Francisco, San Mateo and Solano Counties.

^e San Diego County.

Source: U.S. Department of Labor, Bureau of Labor Statistics and California Department of Industrial Relations.

TABLE 18
**CALIFORNIA CASH FARM RECEIPTS, PRODUCTION EXPENSE,
 AND INCOME, 1960-81**
 (In millions of dollars)

Year	Cash receipts ^a	Production expenses	Net money income	Non-money income ^b	Realized net income ^c
1960.....	3,271.1	2,475.5	795.6	134.2	929.9
1961.....	3,317.0	2,577.0	740.0	145.6	885.6
1962.....	3,484.8	2,758.2	726.6	143.0	869.5
1963.....	3,582.6	2,820.7	761.9	145.8	907.6
1964.....	3,747.4	2,841.8	905.6	148.9	1,054.4
1965.....	3,803.1	3,043.1	760.0	154.2	914.1
1966.....	4,187.6	3,211.8	975.8	155.5	1,131.3
1967.....	4,095.9	3,296.9	799.0	150.1	949.1
1968.....	4,452.3	3,474.4	977.9	151.0	1,128.9
1969.....	4,656.3	3,660.9	995.4	154.1	1,149.4
1970.....	4,718.8	3,829.9	888.9	146.2	1,035.2
1971.....	5,029.8	4,193.2	836.6	154.3	990.9
1972.....	5,701.2	4,331.3	1,369.9	161.1	1,531.0
1973.....	7,406.4	5,214.9	2,191.5	176.2	2,367.7
1974.....	8,679.8	6,230.4	2,449.4	201.2	2,650.6
1975.....	8,583.5	6,606.3	1,997.2	245.3	2,222.6
1976.....	9,203.0	7,231.9	1,971.1	259.5	2,230.6
1977.....	9,622.0	7,635.8	1,986.2	253.4	2,239.5
1978.....	10,741.2	8,511.6	2,229.6	283.9	2,513.4
1979.....	13,133.5	10,154.8	2,978.7	349.1	3,327.8
1980.....	13,906.5	11,188.2	2,718.3	419.0	3,137.3
1981.....	14,098.1	12,134.3	1,963.8	496.7	2,460.5

^a Receipts from marketings plus government payments and other farm income.

^b Value of home consumption and gross rental value of farm dwellings.

^c Net money income plus non-money income—details may not add due to rounding.

Source: California Department of Food and Agriculture.

TABLE 19
**CALIFORNIA CASH FARM RECEIPTS, ALL CROPS, LIVESTOCK AND POULTRY,
 MISCELLANEOUS, AND GOVERNMENT PAYMENTS, 1960-81**
 (In millions of dollars)

Year	Total *	All crops ^b	Livestock and poultry	Miscellaneous	Government payments
1960.....	3,244	1,864	1,246	112	22
1961.....	3,291	1,866	1,278	119	28
1962.....	3,457	1,949	1,344	132	32
1963.....	3,552	2,031	1,350	139	32
1964.....	3,712	2,204	1,309	165	34
1965.....	3,763	2,125	1,427	170	41
1966.....	4,146	2,295	1,565	182	104
1967.....	4,048	2,186	1,564	188	110
1968.....	4,401	2,483	1,621	196	101
1969.....	4,602	2,494	1,768	217	123
1970.....	4,665	2,484	1,815	234	132
1971.....	4,969	2,734	1,876	246	113
1972.....	5,638	3,139	2,086	291	122
1973.....	7,328	4,294	2,563	365	106
1974.....	8,600	5,375	2,786	421	18
1975.....	8,490	5,204	2,800	470	16
1976.....	9,109	5,624	2,923	549	13
1977.....	9,517	5,907	2,947	588	75
1978.....	10,632	6,530	3,381	665	57
1979.....	12,996	7,903	4,227	805	61
1980.....	13,769	8,759	4,089	907	14
1981.....	13,926	8,774	4,221	908	23

* Receipts from marketings plus government payments.

^b Miscellaneous, primarily ornamentals, not included.

Source: California Department of Food and Agriculture.

TABLE 20
CALIFORNIA CASH FARM RECEIPTS FROM CROPS, 1960-81
(In millions of dollars)

Year	All crops *	Fruit and nut	Vegetables	Field crops
1960.....	1,864	586	448	830
1961.....	1,866	587	475	804
1962.....	1,949	601	522	826
1963.....	2,031	647	505	879
1964.....	2,204	724	563	917
1965.....	2,125	631	594	900
1966.....	2,295	712	690	893
1967.....	2,186	666	713	807
1968.....	2,483	786	855	842
1969.....	2,494	848	782	864
1970.....	2,484	824	771	889
1971.....	2,734	935	915	884
1972.....	3,139	1,018	1,050	1,071
1973.....	4,294	1,554	1,191	1,549
1974.....	5,375	1,503	1,490	2,382
1975.....	5,204	1,507	1,633	2,064
1976.....	5,624	1,608	1,589	2,427
1977.....	5,907	2,017	1,889	2,001
1978.....	6,530	2,405	2,022	2,103
1979.....	7,903	2,978	2,268	2,657
1980.....	8,759	3,025	2,288	3,446
1981.....	8,774	2,821	2,596	3,357

* Miscellaneous, primarily ornamentals, not included.
Source: California Department of Food and Agriculture.

Table 21
AGRICULTURAL EMPLOYMENT IN CALIFORNIA, 1972-82

Year	Total Wage and Salary Employment	Agricultural Production	Agricultural Services *
1972	268.1	208.3	59.8
1973	288.9	222.4	66.6
1974	308.1	236.9	71.2
1975	315.7	243.7	72.0
1976	323.5	248.2	75.3
1977	314.7	241.7	72.9
1978	323.9	245.1	78.9
1979	338.6	253.6	85.0
1980	352.3	261.9	90.3
1981	354.4	258.6	95.8
1982	355.0	259.3	95.7
1982 January	276.1	206.4	69.7
February	272.7	203.0	69.7
March	267.1	200.5	66.6
April	302.6	224.3	78.3
May	381.8	277.3	104.5
June	429.3	308.6	120.7
July	424.2	304.2	120.0
August	438.4	316.8	121.6
September	474.6	346.6	128.0
October	383.3	280.0	103.3
November	298.3	215.8	82.5
December	311.4	227.8	83.6

*Agricultural services includes forestry and fishing, but excludes veterinary, other animal, and landscape and horticultural services.

Source: California Employment Development Department (Official U.S. Bureau of Labor Statistics series. The text portion of the report uses the interim series prepared by EDD.)

TABLE 22
CORPORATE PROFITS FROM CALIFORNIA OPERATIONS, 1960-1980

Year ^b	Number of corporations ^a				Net profits (in millions)		
	Total	With net income	With net loss	No income or loss	Total	Net income ^c	Net loss ^d
1960	101,081	56,987	28,843	15,351	\$3,517	\$4,182	\$-665
1961	105,645	59,746	31,802	14,097	3,718	4,509	-792
1962	110,294	63,400	31,954	14,940	3,970	4,754	-784
1963	114,667	66,496	33,667	14,504	4,283	5,092	-809
1964	118,860	69,555	34,254	15,051	4,626	5,526	-900
1965	122,399	71,484	35,625	15,290	5,126	6,007	-881
1966	124,690	73,076	35,664	15,950	5,643	6,638	-995
1967	125,677	73,433	38,188	14,056	5,252	6,456	-1,203
1968	128,505	77,238	36,754	14,513	6,003	7,255	-1,251
1969	136,695	80,348	38,627	17,720	5,643	7,477	-1,834
1970	145,352	81,340	44,318	19,694	4,386	6,711	-2,326
1971	151,216	83,664	47,621	19,931	4,804	7,249	-2,445
1972	158,932	91,055	47,214	20,663	6,465	8,561	-2,096
1973	165,676	97,377	46,937	21,362	7,911	10,208	-2,296
1974	172,185	102,680	49,962	19,543	8,978	11,734	-2,757
1975	177,665	106,213	53,965	17,487	8,362	11,672	-3,309
1976	184,326	113,614	54,249	16,463	11,916	14,808	-2,892
1977	200,393	124,175	57,949	18,269	14,941	17,830	-2,889
1978	221,527	138,495	63,725	19,307	18,728	21,974	-3,246
1979	248,188	154,468	72,343	21,377	20,735	24,826	-4,091
1980	275,493	165,183	86,482	23,828	20,654	25,825	-5,171

^a Includes a slight amount of duplication as a result of mergers, consolidations, changes in corporate names and changes of income year which necessitated filing more than one state franchise tax return during the year. In 1961 this duplication amounted to approximately 206 corporations, or 0.5 percent of the total.

^b Includes corporations with fiscal years ending in the calendar year shown.

^c Net profits of all corporations reporting net income.

^d Net profits of all corporations reporting net loss.

Source: California Franchise Tax Board.

TABLE 23
BANK AND CORPORATION FRANCHISE TAX RETURNS REPORTING NET INCOME
SUBJECT TO STATE TAXATION, BY INDUSTRY, 1978 AND 1980
(Income in thousands)

Industry	1979				1980			
	Corporations reporting net income subject to state taxation		All reporting corporations		Corporations reporting net income subject to state taxation		All reporting corporations	
	Number	Net income	Number	Net income less net loss	Number	Net income	Number	Net income less net loss
Agriculture, forestry, and fishery	3,492	\$319,754	5,985	\$151,926	3,855	\$365,487	6,488	\$179,219
Mining	618	2,305,880	1,319	2,061,758	715	3,173,308	1,466	3,000,743
Crude petroleum and natural gas production	412	2,213,030	790	2,007,028	495	3,081,205	910	2,938,475
Other mining and quarrying	206	92,850	529	54,730	220	92,103	556	62,268
Construction	13,939	1,108,040	21,567	927,615	14,758	1,166,168	24,099	891,591
Manufacturing	19,699	8,431,298	28,971	7,419,894	20,210	8,270,760	30,843	6,916,343
Beverages, food, and kindred products	1,139	894,442	1,740	783,450	1,162	896,202	1,817	791,776
Textile-mill products	171	57,081	258	43,457	167	55,196	273	42,494
Apparel and products made from fabric	1,115	227,004	1,778	184,896	1,121	207,537	1,877	154,075
Wood products, except furniture	810	460,566	1,141	432,191	780	229,250	1,218	186,163
Furniture and fixtures	669	85,327	1,014	66,781	667	86,682	1,024	52,601
Paper and allied products	260	173,638	329	169,788	259	135,613	329	129,354
Printing, publishing, and allied industries	2,108	485,301	3,351	412,462	2,299	479,220	3,639	404,940
Chemicals and allied products	1,518	784,071	2,184	684,020	1,507	793,077	2,247	734,867
Petroleum and coal products	84	279,399	127	249,447	81	117,346	125	85,903
Rubber products	252	51,611	371	44,283	259	45,681	391	29,218
Stone, clay, and glass products	563	294,746	763	284,302	527	198,124	776	181,912
Primary metals	348	428,280	431	408,068	329	576,426	425	542,241
Electrical machinery and equipment	1,966	1,588,511	3,056	1,393,477	2,048	1,970,253	3,315	1,770,304
Transportation equipment	824	883,485	1,365	785,465	755	554,163	1,346	205,409
Other equipment	2,161	479,242	2,792	452,077	2,264	464,619	2,991	394,801
Precision equipment	500	341,111	794	249,562	536	364,327	826	317,879
Other fabricated metal products	3,436	702,820	4,449	649,158	3,519	798,421	4,758	703,206
Other manufacturing	1,775	214,663	3,028	127,010	1,930	298,623	3,466	189,200

TABLE 23—Continued
**BANK AND CORPORATION FRANCHISE TAX RETURNS REPORTING NET INCOME
 SUBJECT TO STATE TAXATION, BY INDUSTRY, 1978 AND 1980**
 (Income in thousands)

Industry	1979				1980			
	Corporations reporting net income subject to state taxation		All reporting corporations		Corporations reporting net income subject to state taxation		All reporting corporations	
	Number	Net income	Number	Net income less net loss	Number	Net income	Number	Net income less net loss
Services	46,383	1,976,556	77,238	1,308,684	53,306	2,162,303	89,829	1,346,867
Motion picture production	2,089	221,958	3,798	167,895	2,429	275,096	4,421	220,275
Amusement services	2,425	167,331	4,669	90,987	2,572	135,207	5,028	51,825
Personal services	1,617	70,880	2,535	55,040	1,717	81,367	2,767	62,904
Business services	14,259	767,869	24,552	502,462	16,345	805,506	28,853	430,015
Professional services	15,212	182,898	20,655	140,372	17,946	230,180	24,460	175,361
Other services	10,781	565,620	21,029	351,928	12,297	634,947	24,300	406,487
Trade	42,245	5,322,932	63,966	4,414,208	43,319	5,160,461	68,902	3,832,369
Retail trade	23,774	2,621,957	36,753	2,236,175	24,595	2,356,737	39,868	1,700,897
Wholesale trade	18,471	2,700,975	27,213	2,178,033	18,724	2,803,724	29,034	2,131,472
Finance, insurance, and real estate	24,367	4,112,572	42,226	3,576,425	25,276	3,378,175	46,759	2,540,710
Banks	281	1,274,550	387	1,184,627	290	1,087,753	394	1,071,638
Savings and loan associations	147	681,119	183	677,163	82	106,966	170	32,697
Other financials	547	290,096	1,020	269,647	535	191,815	980	144,459
Real estate companies	18,239	1,414,618	31,740	1,124,771	18,998	1,438,471	35,569	957,452
Investment and insurance companies	5,153	452,189	8,896	320,217	5,371	553,170	9,646	334,464
Utilities	3,725	1,248,954	6,916	874,301	3,744	2,148,743	7,107	1,946,393
Transportation	2,577	345,208	4,195	151,080	2,611	360,462	4,373	201,539
Communications	82	569,362	126	564,130	79	649,963	125	646,459
Radio and television industries	237	196,888	447	181,139	220	163,070	470	138,895
Electric and gas utilities	16	56,102	37	-88,151	18	874,828	33	874,208
Other public utilities	813	81,394	2,111	66,103	816	100,420	2,106	85,292
Totals	154,468	\$24,825,987	248,188	\$20,734,811	165,183	\$25,825,405	275,493	\$20,654,235

Source: California Franchise Tax Board.

TABLE 24
**CALIFORNIA BUILDING PERMIT ACTIVITY: NONRESIDENTIAL VALUATION
 BY SELECTED TYPES OF CONSTRUCTION, 1963-82**

(In thousands of dollars)

Year	Commercial	Industrial	Other	Additions and alterations	Total ^a
1963	734,878	198,932	708,507	280,024	1,922,338
1964	749,998	184,849	805,450	261,023	2,001,319
1965	845,483	207,851	656,464	286,494	1,996,291
1966	830,002	255,348	706,454	307,764	2,099,565
1967	728,519	283,612	601,313	268,145	1,881,590
1968	869,435	367,027	651,450	271,259	2,159,169
1969	1,016,925	395,697	666,768	452,097	2,531,490
1970	1,089,054	288,077	674,969	491,669	2,543,764
1971	1,401,364	326,049	978,580	263,473	2,969,469
1972	1,437,511	464,702	865,306	281,118	3,048,634
1973	1,349,105	717,549	826,827	337,156	3,230,637
1974	1,260,018	736,532	902,675	359,502	3,258,723
1975	1,296,132	491,032	952,261	366,794	3,106,221
1976	1,327,749	629,515	1,067,335	443,049	3,467,649
1977	1,890,490	1,093,685	1,229,912	498,550	4,712,638
1978	2,477,474	1,556,132	1,318,666	605,994	5,958,265
1979	3,377,018	1,812,478	1,383,480	721,924	7,294,901
1980 ^a	3,274,076	1,276,735	1,202,940	1,716,358	7,470,108
1981	4,034,262	1,484,011	1,308,224	2,079,348	8,905,845
1982	4,159,933	1,045,014	1,398,106	2,095,323	8,698,376

^a Prior to 1980 all additions and alterations of \$100,000 or over were recorded as new construction in either the commercial, industrial or other category.

^b Parts may not add to total due to rounding.

Source: Security Pacific National Bank.

TABLE 25
PRIVATE RESIDENTIAL HOUSING UNITS AUTHORIZED BY PERMITS,
CALIFORNIA, 1963-82

Year	Single	Multiple	Total	Additions and alterations	Total Residential Valuation (Thousands)
1963.....	131,546	190,472	322,018	146,327	\$4,066,051
1964.....	112,977	155,430	268,407	154,232	3,741,732
1965.....	95,156	82,426	177,582	151,115	2,909,753
1966.....	65,406	33,969	99,375	152,353	1,925,814
1967.....	68,418	43,581	111,999	150,606	2,107,602
1968.....	86,957	73,022	159,979	144,985	2,838,426
1969.....	80,134	104,211	184,345	141,269	3,148,475
1970.....	71,344	124,348	195,692	137,217	3,177,190
1971.....	113,260	143,729	256,989	148,697	4,529,124
1972.....	124,064	155,606	279,670	148,365	5,389,521
1973.....	102,571	113,508	216,079	157,021	4,883,168
1974.....	76,204	53,025	129,229	173,070	3,687,321
1975.....	89,823	41,909	131,732	185,232	4,540,859
1976.....	140,293	81,647	221,940	200,312	8,023,474
1977.....	174,874	95,766	270,640	215,430	10,494,411
1978.....	141,537	102,268	243,805	216,343	10,603,698
1979.....	127,499	82,577	210,078	203,871	10,791,259
1980.....	86,632	58,355	144,987	190,764	9,097,792
1981.....	59,973	44,900	104,873	171,269	7,520,136
1982.....	49,700	34,318	84,018	153,073	6,154,276

Source: Security Pacific National Bank.

TABLE 26
TAXABLE TRANSACTIONS IN CALIFORNIA AND OUTSTANDING SALES TAX PERMITS,
BY TYPE OF OUTLET, 1960-82

Calendar Year	TAXABLE TRANSACTIONS		SALES TAX PERMITS OUTSTANDING *			
	All Outlets (In millions)	Retail Stores (In millions)	Total	Retail ^b Stores	Personal Service Shops	Other ^c
1960	\$23,361	\$15,645	346,706	150,512	58,997	137,197
1961	23,987	16,077	351,540	148,899	59,516	143,125
1962	25,969	17,522	355,403	151,769	57,591	146,043
1963	27,892	18,893	362,614	154,517	57,105	150,992
1964	30,265	20,550	372,387	157,344	56,749	158,294
1965	31,908	21,516	381,203	161,109	56,002	164,092
1966	34,236	22,624	389,867	163,087	55,326	171,454
1967	35,122	23,512	392,705	163,821	54,624	174,260
1968	39,007	26,168	401,980	165,285	54,993	181,702
1969	42,378	28,254	411,375	167,887	55,066	188,422
1970	43,223	28,699	426,766	171,094	56,173	199,499
1971	46,815	31,496	440,935	173,343	57,359	210,233
1972	53,714	36,518	459,616	177,261	58,815	233,540
1973	61,738	42,119	474,733	180,330	59,943	234,460
1974	68,071	45,797	492,937	182,570	60,918	249,449
1975	73,476	49,800	520,499	187,399	62,951	270,149
1976	83,822	57,343	552,162	193,925	65,868	292,369
1977	99,482	67,491	583,704	200,452	69,271	313,981
1978	113,468	76,366	611,397	206,951	72,003	332,443
1979	131,678	87,270	642,152	212,804	75,185	354,163
1980	142,759	94,211	673,679	218,945	78,272	376,462
1981	155,127	101,666	698,080	223,201	79,952	394,927
1982	n.a.	n.a.	740,577	230,023	83,223	427,331

* Permits as of July 1.

^b Exclusive of itinerant and mail-order vendors.

^c Consists of manufacturing, wholesaling, contracting, and miscellaneous outlets and itinerant and mail-order vendors.

Source: California State Board of Equalization.

TABLE 27
TAXABLE TRANSACTIONS IN CALIFORNIA BY TYPE OF BUSINESS
1975-81

(Amounts in millions)

	1976	1977	1978	1979	1980	1981
Total, all outlets	\$83,822	\$99,481	\$113,875	\$131,678	\$142,759	\$155,127
Retail stores	57,343	67,490	76,765	87,270	94,211	101,666
Apparel stores	2,980	3,398	3,925	4,327	4,678	5,342
General merchandise and drug stores ^a	10,117	11,326	12,615	13,702	14,638	16,111
Specialty stores	4,975	5,934	6,880	8,062	9,178	10,276
Grocery stores ^b	6,242	5,767	6,575	7,555	8,530	9,545
Liquor stores	1,485	1,623	1,780	1,888	1,985	2,060
Eating and drinking places	6,895	7,842	9,200	10,333	11,324	12,614
Home furnishings and appliance stores	2,661	3,232	3,725	4,293	4,348	4,990
Farm and garden	1,284	1,445	1,630	2,124	2,261	2,042
Building materials	3,475	4,530	5,305	6,216	6,131	5,759
New car dealers	7,925	9,999	11,991	11,991	10,973	12,233
Automotive group ^c	10,304	12,394	13,520	16,779	20,165	20,697
Other						
Business and personal services	3,087	3,564	4,135	4,748	5,210	5,833
All other outlets	23,391	28,427	32,975	39,660	43,338	47,627

^a Excludes exempt sales of prescription medicines.

^b Excludes exempt sales of food for home consumption.

^c Excludes new car dealers.

Source: California Board of Equalization.

TABLE 28
**DEMAND AND TIME DEPOSITS, ALL INSURED
 COMMERCIAL BANKS, CALIFORNIA, 1960-81**
 (Amounts in millions)

Year *	Demand Deposits	Time and Savings Deposits
1960.....	12,954	11,385
1961.....	14,232	12,851
1962.....	14,426	14,593
1963.....	14,939	16,042
1964.....	15,683	17,983
1965.....	15,232	20,109
1966.....	15,671	21,614
1967.....	17,492	23,762
1968.....	19,003	26,418
1969.....	19,989	23,513
1970.....	20,713	28,636
1971.....	22,463	33,699
1972.....	26,607	37,461
1973.....	28,060	42,789
1974.....	27,916	51,268
1975.....	30,682	54,635
1976.....	32,119	56,775
1977.....	37,516	63,494
1978.....	40,897	72,462
1979.....	44,951	77,008
1980.....	44,976	92,361
1981 ^b	42,675	109,633

* As of December call reports, not seasonally adjusted.

^b Estimated.

Source: Federal Reserve Bank of San Francisco.

TABLE 29
GROSS LOANS BY MAJOR CATEGORIES, ALL INSURED
COMMERCIAL BANKS, CALIFORNIA, 1960-81
(Amounts in millions)

Year *	Real estate loans	Commercial and industrial loans	Agricultural loans	Loans to individuals	Other	Total
1960	5,181	4,762	509	2,648	1,223	14,323
1961	5,358	5,122	592	2,769	1,313	15,154
1962	6,153	5,668	636	3,151	1,697	17,305
1963	7,027	6,009	716	3,634	2,376	19,762
1964	7,512	7,081	659	4,208	2,594	22,056
1965	7,974	8,284	748	4,686	2,661	24,353
1966	8,268	9,318	776	4,924	2,665	25,951
1967	8,485	10,112	803	5,126	2,697	27,223
1968	9,230	11,631	823	5,793	3,447	30,924
1969	9,545	12,276	866	6,045	3,706	32,439
1970	9,592	12,965	855	5,903	3,147	32,463
1971	10,871	13,682	990	6,659	4,193	36,395
1972	12,784	15,145	1,255	7,808	6,034	43,027
1973	15,607	18,831	1,559	8,846	7,056	51,899
1974	17,063	21,334	1,584	9,363	7,589	56,934
1975	16,724	20,156	1,614	10,023	7,121	55,637
1976	18,433	19,473	1,860	11,609	8,136	59,511
1977	23,648	21,635	2,019	14,637	8,470	70,409
1978	30,820	25,355	2,292	18,206	9,185	85,858
1979	39,088	30,260	2,655	22,080	8,741	102,824
1980	46,504	33,895	2,848	22,049	8,069	113,365
1981	52,291	39,502	3,345	21,982	11,780	128,900

Note: Individual figures may not add to totals due to rounding.

* As of December call reports (domestic) except as noted.

Source: Federal Reserve Bank of San Francisco.

TABLE 30
LOANS AND SAVINGS CAPITAL,
CALIFORNIA SAVINGS AND LOAN ASSOCIATIONS,^a 1960-82
(In Millions)

Year	Loans Closed During the Year	End of Year Mortgage Loans Outstanding	Yearend Savings Capital	Net New Savings During the Year ^b
1960	\$2,955	\$9,141	\$8,885	N.A.
1961	4,147	11,241	10,778	N.A.
1962	5,590	13,941	13,339	N.A.
1963	7,691	17,677	16,536	N.A.
1964	7,137	20,529	19,300	N.A.
1965	5,825	22,176	20,993	N.A.
1966	2,953	22,477	21,215	\$ -610
1967	3,641	23,558	23,469	1,360
1968	3,914	25,154	24,283	-122
1969	3,845	26,780	23,889	-1,395
1970	3,517	28,250	25,040	115
1971	6,576	31,907	30,054	3,776
1972	8,809	37,199	35,660	4,114
1973	7,735	41,113	37,836	476
1974	6,413	43,758	39,359	-349
1975	10,689	49,100	47,147	5,565
1976	17,903	58,553	57,102	7,218
1977	24,888	70,734	66,918	6,480
1978	24,391	80,765	74,896	4,180
1979	25,574	92,512	84,166	4,814
1980	16,074	98,196	89,693	106
1981	10,504	107,866	96,163 ^c	-5,815
1982	14,082	106,214	108,709 ^c	1,278

^a Insured (FSLIC) California Savings and Loan Associations that are members of the Federal Home Loan Bank of San Francisco. For the periods covered by this table, these associations have accounted for at least 99.5% of California savings and loan association assets. Since 1976 all California associations are included.

^b New savings received less withdrawals excludes interest credited to savings accounts.

^c Includes data from branch offices outside of California.

Source: Federal Home Loan Bank of San Francisco.

TABLE 31
SELECTED DATA ON FEDERALLY CHARTERED CREDIT UNIONS
IN CALIFORNIA, 1960-81^a
(Dollar amounts in thousands)

Year ^b	Number of credit unions	Number of members	Total assets	Shares	Total loans outstanding
1960.....	1014	787,450	\$383,723	\$340,165	\$313,245
1961.....	1056	852,214	441,302	393,828	347,402
1962.....	1081	927,654	511,824	453,316	409,969
1963.....	1106	1,015,808	601,294	533,445	473,297
1964.....	1128	1,102,380	699,250	618,385	550,150
1965.....	1142	1,192,932	785,707	693,993	636,454
1966.....	1185	1,309,746	861,285	753,300	718,046
1967.....	1209	1,407,640	946,456	834,393	768,772
1968.....	1225	1,492,051	1,055,097	923,136	883,881
1969.....	1255	1,585,602	1,191,712	1,034,749	1,024,828
1970.....	1249	1,181,164	1,360,754	1,181,164	1,109,716
1971.....	1225	1,746,653	1,626,494	1,436,952	1,267,686
1972.....	1232	1,871,287	1,928,350	1,715,276	1,471,791
1973.....	1239	2,045,500	2,272,202	1,987,138	1,758,048
1974.....	1230	2,282,543	2,737,187	2,367,268	2,106,113
1975.....	1208	2,445,115	3,403,739	2,994,889	2,498,064
1976.....	1189	2,683,441	4,185,397	3,668,616	3,150,913
1977.....	1164	2,995,904	5,374,256	4,613,661	4,119,205
1978.....	1143	3,421,378	6,374,125	5,408,209	5,110,916
1979.....	1108	3,682,794	6,616,630	5,737,523	4,994,833
1980.....	1057	3,968,900	6,950,809	6,286,440	4,410,825
1981.....	980	4,159,003	6,826,930	6,158,178	4,365,916

^a Regulated by the National Credit Union Administration.

^b As of December 31st.

Source: California Department of Corporations.

TABLE 32
SELECTED DATA ON STATE CHARTERED CREDIT UNIONS
IN CALIFORNIA, 1960-81
(Dollar amounts in thousands)

Year *	Number of credit unions	Number of members	Total assets	Shares	Total loans outstanding	Real estate loans outstanding
1960	568	573,548	\$304,885	\$263,793	\$266,374	\$41,676
1961	573	630,121	350,725	308,711	296,058	44,724
1962	578	675,287	396,343	343,890	340,125	47,736
1963	582	709,911	448,963	394,587	382,766	44,573
1964	597	788,816	513,302	449,214	437,040	53,971
1965	587	828,389	577,007	496,601	500,689	54,874
1966	623	889,636	639,154	549,351	568,782	64,561
1967	636	955,166	712,321	617,575	613,189	64,600
1968	626	1,006,190	795,758	684,727	696,891	83,837
1969	623	1,077,259	891,033	772,482	788,420	94,154
1970	631	1,139,372	998,764	868,721	858,839	101,161
1971	599	1,182,550	1,152,210	1,004,478	976,271	102,925
1972	590	1,248,463	1,330,711	1,160,215	1,105,569	110,489
1973	596	1,296,105	1,511,003	1,316,539	1,287,153	146,789
1974	591	1,312,193	1,615,949	1,420,664	1,396,985	185,955
1975	587	1,341,288	1,935,507	1,710,369	1,621,089	224,553
1976	576	1,503,437	2,232,994	2,057,351	1,991,402	297,474
1977	556	1,601,603	2,851,789	2,504,181	2,453,162	408,251
1978	534	1,678,279	3,261,776	2,842,131	2,903,915	607,752
1979	493	1,825,160	3,535,214	2,877,833	3,065,665	598,067
1980	478	1,973,513	3,798,533	3,189,679	2,977,642	615,902
1981	450	1,975,104	3,794,317	3,221,836	3,011,722	655,907

* As of December 31st.

Source: California Department of Corporations. Report of State Chartered Credit Unions.

TABLE 33
SELECTED DATA ON PERSONAL PROPERTY BROKERS IN CALIFORNIA, 1971-81*
 (Dollar amounts in thousands)

Year ^b	Number of loans made	Total principal amount of loans made	Consumer loans under \$10,000 and commercial loans under \$5,000		Consumer loans of \$10,000 or more and commercial loans of \$5,000 or more
			Secured by personal property	Secured by personal property and real property	
1971	1,170,013	\$1,897,472	\$1,153,541	\$54,150	\$689,781
1972	1,210,311	1,973,792	1,268,113	62,418	643,261
1973	1,202,884	2,424,236	1,344,871	90,028	989,337
1974	1,024,276	2,403,516	1,212,864	111,590	1,079,062
1975	883,047	2,234,827	1,114,707	156,257	963,863
1976	995,459	2,756,599	1,287,307	212,665	1,256,627
1977	1,073,690	3,047,796	1,393,534	224,676	1,429,586
1978	1,141,163	3,562,541	1,530,849	189,625	1,842,064
1979	1,097,742	5,265,756	1,408,269	182,030	3,675,457
1980	644,632	3,925,512	857,357	187,819	2,880,336
1981	424,672	4,754,757	532,610	203,507	4,018,640

* Personal property brokers are licensed lenders who are exempt from the usury law and who make loans secured by personal property or a combination of personal and real property.

^b Data refers to loans made during each year.

Source: California Department of Corporations, Annual Reports for California Consumer Finance Laws.

TABLE 34
SELECTED DATA ON INDUSTRIAL LOAN COMPANIES IN CALIFORNIA, 1971-81^a
 (Dollar amounts in thousands)

Year	Total asset ^b	Investment certificates ^c	Consumer loans		Commercial loans		Premium finance agencies	
			Number of loans made ^c	Principal amount of loans made ^c	Number of loans made ^c	Principal amount of loans made ^c	Number of loans made ^c	Principal amount of loans made ^c
1971	\$456,632	\$307,393	170,330	\$328,597 ^d	—	—	75,242	\$66,540
1972	523,969	344,209	199,737	381,595 ^d	—	—	78,681	75,623
1973	542,939	381,150	189,278	358,728 ^d	—	—	79,893	80,971
1974	560,343	420,069	179,473	351,119	1,359	\$17,987	81,645	86,655
1975	613,119	475,922	166,339	361,887	1,453	20,651	79,804	107,310
1976	687,399	537,212	202,104	428,453	25,467	106,897	19,057	43,303
1977	772,406	608,832	209,259	451,880	28,277	144,528	14,206	48,853
1978	875,928	678,918	209,884	509,688	30,320	175,828	17,849	63,160
1979	1,007,766	766,963	197,740	549,796	33,894	185,920	18,822	74,328
1980	1,120,406	857,038	155,747	448,205	39,367	231,007	22,521	85,678
1981	1,262,858	963,275	97,141	377,766	4,214	119,556	29,884	100,693

^a Industrial loan companies are licensed lenders who are exempt from the usury law and who make unsecured and secured loans. This schedule does not include mortgage bankers licensed under the Industrial Loan Law.

^b As of December 31st. Total assets restated to include thrift companies, non-thrift companies and premium finance agencies.

^c Data refers to loans made during each year.

^d Includes commercial loans.

Source: California Department of Corporations, Annual Reports for California Consumer Finance Laws.

TABLE 35
SUMMARY OF STATE TAX COLLECTIONS, 1960-84
 (Excluding departmental, interest and miscellaneous revenue)

Fiscal year	State tax collections			Taxes per capita *			Taxes per \$100 of personal income		
	General fund (thousands)	Special funds (thousands)	Total (thousands)	General fund	Special funds	Total	General fund	Special funds	Total
Cash Basis									
1960-61	\$1,537,347	\$656,815	\$2,194,162	\$95.26	\$40.70	\$135.96	\$3.55	\$1.52	\$5.07
1961-62	1,645,300	669,267	2,314,567	98.63	40.12	138.75	3.60	1.47	5.07
1962-63	1,791,038	711,185	2,502,223	103.89	41.25	145.14	3.65	1.45	5.09
1963-64	2,057,962	813,937	2,871,900	115.76	45.78	161.54	3.92	1.55	5.47
1964-65	2,161,157	931,958	3,093,115	118.45	51.08	169.53	3.81	1.64	5.45
1965-66	2,398,958	971,625	3,370,582	128.64	52.10	180.75	3.95	1.60	5.55
1966-67	2,422,275	993,277	3,415,552	127.47	52.27	179.74	3.68	1.51	5.18
Accrual Basis ^b									
1966-67	2,746,888	1,091,387	3,838,275	144.55	57.43	201.98	4.17	1.66	5.83
1967-68	3,557,610	1,118,311	4,675,921	184.29	57.93	242.23	5.03	1.58	6.61
1968-69	3,962,520	1,210,229	5,172,748	202.29	61.78	264.08	5.12	1.57	6.69
1969-70	4,125,607	1,283,258	5,408,865	207.40	64.51	271.91	4.89	1.52	6.41
1970-71	4,290,263	1,308,350	5,598,613	212.47	64.80	277.27	4.75	1.45	6.20
1971-72	5,212,693	1,385,863	6,598,555	254.70	67.72	322.42	5.45	1.45	6.90
1972-73	5,758,266	1,470,905	7,229,171	277.83	70.97	348.80	5.53	1.41	6.94
1973-74	6,379,476	1,497,588	7,877,064	303.50	71.25	374.74	5.56	1.31	6.87
1974-75	8,045,039	1,529,459	9,574,497	376.73	71.62	448.35	6.28	1.19	7.47
1975-76	9,068,903	1,641,174	10,710,077	417.23	75.50	492.73	6.43	1.16	7.59
1976-77	10,780,867	1,744,013	12,524,880	486.90	78.76	565.66	6.67	1.11	7.98
1977-78	12,951,613	1,874,714	14,826,327	573.23	82.97	656.21	7.37	1.07	8.44
1978-79	14,187,549	2,013,879	16,201,427	615.59	87.38	702.97	7.08	1.01	8.09
1979-80	16,860,019	2,197,397	19,057,417	717.05	93.45	810.51	7.37	0.96	8.33
1980-81	17,808,092	2,191,849	19,999,941	742.50	91.39	833.89	6.89	0.85	7.71
1981-82	19,109,448	2,446,637	21,556,085	782.66	100.21	882.87	6.62	0.85	7.47
1982-83 ^c	19,139,200	2,732,173	21,871,373	770.17	109.94	880.12	6.15	0.88	7.03
1983-84 ^c	21,093,100	3,080,320	24,173,240	834.35	121.84	956.19	6.25	0.91	7.16

* Taxes per capita computed on the basis of population January 1st, the midpoint of the fiscal year.

^b Beginning in 1966-67 most state revenues were placed on an accrual basis. Beginning in 1973-74, accounts receivable only are accrued.

^c Estimated.

Data may not add due to rounding.

Source: California Department of Finance.

TABLE 36
COMPARATIVE YIELD OF STATE TAXES, 1960-84
(In thousands)

Fiscal year	Sales and Use	Personal Income	Bank and Corporation *	Cigarette	Inheritance and Gift	Insurance	Distilled Spirits	Horse Racing	Beer and Wine	Motor Vehicle Fuel ^b	Motor Vehicle Fees ^c
Cash basis											
1960.....	\$709,648	\$246,585	\$240,735	\$64,805	\$47,189	\$61,530	\$40,369	\$36,288	\$10,016	\$336,786	\$256,303
1961.....	711,702	269,103	272,718	66,024	76,803	66,745	41,274	37,260	9,704	350,801	264,842
1962.....	749,523	299,034	290,870	66,054	76,012	71,699	45,418	38,311	10,495	363,771	274,906
1963.....	813,485	322,012	311,251	70,194	92,432	77,970	48,152	41,663	10,659	386,215	298,356
1964.....	876,944	392,341	405,431	71,822	102,195	107,200	50,145	43,442	11,299	450,195	329,584
1965.....	939,649	410,109	416,247	74,177	114,464	95,199	53,915	47,560	12,422	542,822	353,607
1966.....	1,096,162	454,625	435,597	74,578	123,781	100,854	56,718	47,443	12,606	551,108	382,656
1967.....	1,053,249	500,086	453,292	75,597	114,413	107,186	59,564	49,311	13,751	549,287	405,061
Accrual basis ^d											
1967.....	1,190,750	626,697	453,292	78,191	141,899	131,226	64,733	49,311	14,964	643,698	405,061
1968.....	1,464,927	952,487	576,874	219,272	135,554	121,155	81,700	54,799	13,196	580,487	437,918
1969.....	1,652,979	1,101,691	592,303	237,328	158,815	130,312	85,494	59,839	14,118	625,667	469,655
1970.....	1,753,611	1,152,053	587,013	236,878	164,299	136,733	89,793	58,244	16,115	668,537	498,992
1971.....	1,808,052	1,264,383	532,091	239,721	185,699	158,423	90,765	64,601	15,791	674,635	513,201
1972.....	2,015,993	1,785,618	662,522	247,424	220,192	170,179	94,717	69,380	17,374	712,426	547,844
1973.....	2,198,523	1,884,058	866,117	253,602	260,119	179,674	96,907	72,693	17,977	746,196	596,922
1974.....	2,675,738	1,831,964	1,057,191	258,921	231,934	201,697	100,554	78,289	18,758	742,702	644,448
1975.....	3,376,153	2,581,584	1,253,673	261,975	242,627	202,991	100,856	86,637	19,893	752,234	664,453
1976.....	3,742,524	3,089,963	1,286,515	268,610	316,648	241,224	104,697	96,117	20,616	766,555	749,936
1977.....	4,313,909	3,761,356	1,641,500	269,384	367,964	322,476	105,275	102,702	22,210	810,321	807,782
1978.....	5,030,438	4,667,887	2,082,208	273,658	365,092	387,560	109,088	111,591	22,972	850,181	924,411
1979.....	5,780,919	4,761,571	2,381,223	268,816	416,955	420,184	114,922	113,253	25,137	896,591	1,021,857
1980.....	6,623,521	6,506,015	2,510,039	290,043	485,611	446,228	112,757	127,635	26,183	852,751	1,096,640
1981.....	7,131,429	6,628,694	2,730,624	278,161	530,180	460,926	115,191	129,779	27,669	839,995	1,127,293
1982.....	7,689,023	7,493,005	2,848,735	276,824	495,251	484,196	111,151	123,626	28,372	833,347	1,372,556
1983.....	7,730,000	7,275,000	2,640,000	271,000	508,000	703,000	110,000	125,050	28,000	900,250	1,581,073
1984.....	8,616,000	8,710,000	2,810,000	267,500	229,000	450,000	112,000	131,050	29,000	1,135,850	1,682,000

* Includes the corporation income tax.

^b Motor vehicle fuel tax (gasoline), use fuel tax (diesel and liquefied petroleum gas).

^c Registration and weight fees, motor vehicle license fees and other fees.

^d Beginning in 1966-67 most state revenues were placed on an accrual basis. Beginning with 1973-74, accounts receivable only are accrued.

^e Estimated.

Source: California Department of Finance.

TABLE 37
**ASSESSED VALUE OF TANGIBLE PROPERTY, TANGIBLE PROPERTY TAX LEVIES
 AND AVERAGE TAX RATE IN CALIFORNIA, 1960-1983**

Year	Assessed value		Tax levies *		Average tax rate	
	Amount (in thousands)	Percent change from preceding year	Amount (in thousands)	Percent change from preceding year	Dollars per \$100 assessed value	Percent change from preceding year
1960-61	29,600,832	7.9	2,195,588	10.3	7.42	2.2
1961-62	31,549,630	6.6	2,414,617	10.0	7.65	3.1
1962-63	33,326,914	5.6	2,606,131	7.9	7.82	2.2
1963-64	35,066,088	5.2	2,805,152	7.6	8.00	2.3
1964-65	36,743,364	4.8	3,057,579	9.0	8.32	4.0
1965-66	39,464,013	7.4	3,367,736	10.1	8.53	2.5
1966-67	42,522,365	7.7	3,758,481	11.7	8.84	3.6
1967-68	46,186,881	8.6	4,110,742	9.3	8.90	0.7
1968-69	48,653,400	5.3	4,569,986	11.2	9.39	5.5
1969-70	52,115,409 ^b	7.1	4,935,475	8.0	9.92	5.6
1970-71	55,580,735 ^b	6.6	5,721,672	15.9	10.86	9.4
1971-72	58,785,243 ^b	5.8	6,372,331	11.5	11.43	5.3
1972-73	62,790,656 ^b	6.8	6,819,609	7.0	11.44	0.1
1973-74	67,277,649 ^b	7.1	6,647,769	-2.5	11.15	-2.5
1974-75	74,288,823 ^b	10.4	7,383,411	11.0	11.24	0.8
1975-76	82,691,658 ^b	11.3	8,304,125	12.5	11.33	0.8
1976-77	93,716,623 ^b	13.3	9,376,391	12.9	11.20	-1.2
1977-78	106,694,452 ^b	13.8	10,276,725	9.7	10.68	-4.6
1978-79 ^c	116,736,826 ^b	9.4	5,635,715	-45.2	5.37	-49.7
1979-80	132,820,831 ^b	13.8	5,661,081	0.4	4.69	-1.5
1980-81	144,739,438 ^b	17.9	6,360,276	12.4	4.63	-1.3
1981-82	657,927,501 ^{b,*}	13.6 [*]	7,185,005	13.0	1.14	-1.2
1982-83	737,111,920	12.0	n.a.	n.a.	n.a.	n.a.

* Excludes reimbursements to local government for homeowners exemption and business inventory exemption and special assessments levied on limited categories of property to finance activities from which such properties derive special benefits.

^b Because the State reimburses counties for the loss of revenue from the homeowners' and business inventory exemptions and tax rates are set on assessed values which include the values of these exemptions, they have been included in assessed valuations. This treatment maintains the comparability of data in this series. Since the inception of these exemptions their aggregate values have been:

	Assessed value	
	Homeowners'	Business inventory
1969-70	\$1,908,789,000 (at \$750)	\$475,375,000 (at 15%)
1970-71	1,910,243,000 (at \$750)	968,503,000 (at 30%)
1971-72	1,966,217,000 (at \$750)	1,066,891,000 (at 30%)
1972-73	2,061,275,000 (at \$750)	1,126,908,000 (at 30%)
1973-74	5,737,738,000 (at \$1750)	1,923,315,000 (at 45%)
1974-75	6,008,400,000 (at \$1750)	2,597,025,000 (at 50%)
1975-76	6,361,970,000 (at \$1750)	3,064,107,000 (at 50%)
1976-77	6,551,893,000 (at \$1750)	3,477,096,000 (at 50%)
1977-78	6,767,483,000 (at \$1750)	3,843,294,000 (at 50%)
1978-79	6,937,909,000 (at \$1750)	4,251,598,000 (at 50%)
1979-80	7,008,348,000 (at \$1750)	5,047,799,000 (at 50%)
1980-81	7,108,987,000 (at \$1750)	
1981-82	29,138,313,000 (at \$7,000) ^d	
1982-83	29,421,089,000 (at \$7,000)	

^c The revised amount of taxes includes unsecured levies based on the 1977-78 tax rate on secured property. Some counties did not levy at these rates until a 1980 California Supreme Court decision clarified the proper 1978-79 tax rate applicable to unsecured property.

^d Business inventories became totally exempt effective on the 1980-81 property tax rolls.

^e The ratio of assessed value to taxable value was changed to 100 percent (from 25 percent) beginning with the lien date for 1981-82. The percent change was computed "after factoring the 1980-81 valuations to 100 percent of value."

Source: California State Board of Equalization.

TABLE 38
**ALLOCATIONS * OF GENERAL PROPERTY TAX LEVIES AS COMPILED FOR COMPUTATION
 OF THE AVERAGE TAX RATE, BY COUNTY, 1981-82**
 (Tax allocations in thousands)

County	City	County ^b	School ^b	Other ^c District	Total ^c	Average Tax Rate Per \$100 of Assessed Value ^d	
						1981-82	1980-81
Alameda	\$65,589	\$81,520	\$99,726	\$68,538	\$315,373	1.270%	1.272%
Alpine	-	725	234	81	1,040	1.091	1.140
Amador	343	3,123	4,353	184	8,003	1.070	1.062
Butte	3,004	7,078	22,014	4,152	36,248	1.066	1.072
Calaveras	83	2,625	5,440	1,358	9,506	1.124	1.122
Colusa	380	2,980	4,279	757	8,396	1.050	1.062
Contra Costa	26,034	56,672	82,725	76,319	241,750	1.174	1.228
Del Norte	83	1,112	1,984	306	3,485	.981	1.025
El Dorado	2,484	10,803	15,123	7,971	36,381	1.130	1.145
Fresno	19,127	48,097	69,248	21,141	157,613	1.106	1.102
Glenn	578	2,893	4,999	629	9,099	1.078	1.072
Humboldt	2,619	8,539	11,887	2,785	25,830	1.127	1.125
Imperial	2,834	6,320	9,807	1,103	20,064	1.092	1.112
Inyo	167	2,862	4,195	777	8,001	1.057	1.065
Kern	9,693	94,214	93,881	25,916	223,704	1.068	1.000
Kings	1,244	7,767	7,303	1,746	18,060	1.118	1.102
Lake	479	4,706	6,372	2,469	14,026	1.059	1.085
Lassen	263	1,470	3,333	377	5,443	1.109	1.145
Los Angeles	381,128	857,449	462,914	324,552	2,026,043	1.137	1.150
Madera	1,059	5,740	13,589	2,175	22,563	1.097	1.098
Marin	10,320	23,088	35,586	14,594	83,588	1.073	1.090
Mariposa	-	1,178	2,157	242	3,577	1.008	1.008
Mendocino	743	7,746	9,964	1,525	19,978	1.109	1.130
Merced	2,961	12,147	15,280	3,309	33,697	1.072	1.088
Modoc	137	1,391	2,000	227	3,755	1.045	1.040
Mono	-	3,124	2,880	2,349	8,353	1.093	1.118
Monterey	8,385	21,696	41,612	9,663	81,356	1.059	1.072
Napa	3,271	7,929	16,259	2,381	29,840	1.130	1.140
Nevada	620	5,614	10,793	4,260	21,287	1.126	1.120
Orange	83,517	119,613	377,038	124,340	704,508	1.195	1.208
Placer	2,197	12,986	22,537	8,687	46,407	1.119	1.132
Plumas	83	2,460	5,154	1,254	8,951	1.011	.990
Riverside	18,881	59,179	94,202	45,203	217,465	1.171	1.185
Sacramento	20,837	65,012	68,588	39,404	193,841	1.197	1.205
San Benito	460	1,557	4,814	1,079	7,910	1.172	1.192
San Bernardino	23,173	64,851	87,078	67,210	242,312	1.215	1.235
San Diego	73,315	124,239	280,527	50,681	528,762	1.133	1.150
San Francisco	-	199,405	19,822	15,546	234,773	1.195	1.235
San Joaquin	11,441	34,128	33,079	12,740	91,388	1.100	1.122
San Luis Obispo	4,546	17,993	32,175	3,270	57,984	1.153	1.162
San Mateo	28,424	52,317	114,193	20,840	215,774	1.066	1.065
Santa Barbara	5,398	27,389	47,917	17,149	97,853	1.092	1.102

TABLE 38—Continued
**ALLOCATIONS * OF GENERAL PROPERTY TAX LEVIES AS COMPILED FOR COMPUTATION
 OF THE AVERAGE TAX RATE, BY COUNTY, 1981-82**
 (Tax allocations in thousands)

County	City	County ^b	School ^b	Other ^c District	Total ^c	Average Tax Rate Per \$100 of Assessed Value ^d	
						1981-82	1980-81
Santa Clara	50,304	99,877	222,321	48,861	421,363	1.167	1.190
Santa Cruz	4,025	14,424	28,717	6,397	53,563	1.078	1.082
Shasta	2,587	8,581	20,070	2,586	33,824	1.093	1.130
Sierra	28	838	385	160	1,411	1.020	1.045
Siskiyou	913	3,852	5,811	579	11,155	1.025	1.028
Solano	12,005	21,988	22,025	7,234	63,252	1.165	1.185
Sonoma	9,247	33,055	47,375	6,205	95,882	1.095	1.098
Stanislaus	6,083	17,650	39,831	3,250	66,814	1.069	1.102
Sutter	1,359	5,774	8,550	1,641	17,324	1.056	1.058
Tehama	729	3,817	5,884	479	10,909	1.091	1.080
Trinity	—	1,196	2,113	192	3,501	1.126	1.135
Tulare	3,656	20,957	22,877	4,251	51,741	1.057	1.058
Tuolumne	164	4,102	6,031	1,017	11,314	1.080	1.102
Ventura	11,353	48,365	70,215	44,823	174,756	1.145	1.168
Yolo	5,126	10,072	15,586	3,536	34,320	1.172	1.200
Yuba	592	3,765	4,370	1,162	—9,889	1.134	1.170
Totals	\$924,071	\$2,370,050	\$2,769,222	\$1,121,662	\$7,185,005	1.144%	1.158%

* The county levies at a rate of \$1.00 per \$100 of assessed value have been allocated among the jurisdictions receiving a portion of those levies. Excluded is the following amount of state reimbursement to local governments: homeowners, \$334,066,000.

^b County levies for school purposes, such as junior college tuition and countywide school levies, are included with school levies.

^c Includes debt levies on land and/or improvements only. Also includes the portion of the \$1.00 levy allocated to jurisdictions previously taxing less than total property, i.e., land only or land and improvements only.

^d Computed by dividing total levies by the assessed value and multiplying by 100.

Source: California State Board of Equalization.